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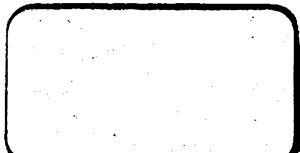
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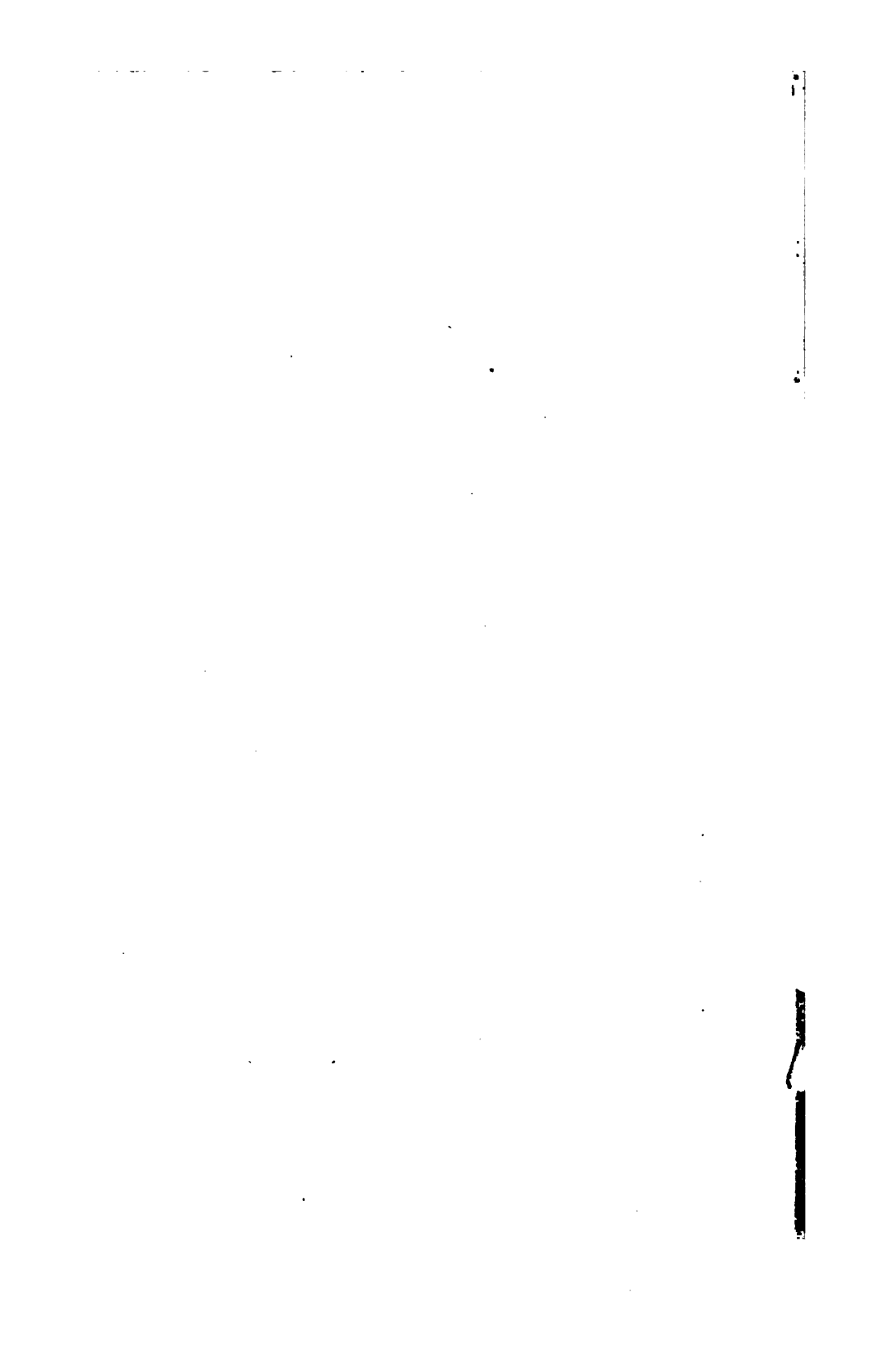
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AN
ELEMENTARY TREATISE
ON
INDIVIDUAL AND PUBLIC
WEALTH.

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ELEMENTARY TREATISE
ON
INDIVIDUAL AND PUBLIC
WEALTH.

IN WHICH THE PRINCIPAL QUESTIONS

OF
POLITICAL ECONOMY

ARE EXPLAINED AND ELUCIDATED.

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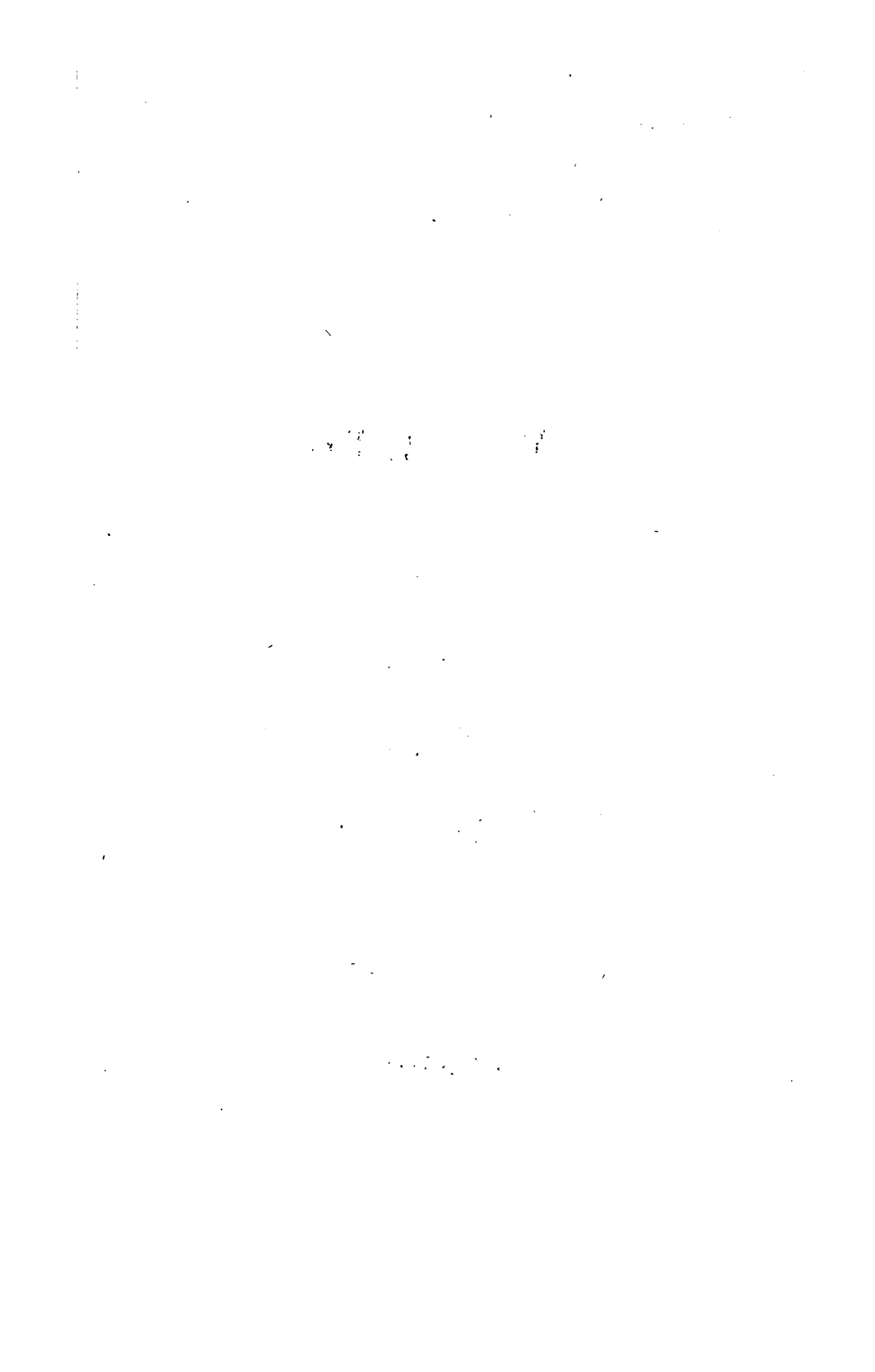
BY LEWIS SAY.



LONDON :
EDWARD CHURTON, 26, HOLLES STREET,
CAVENDISH SQUARE.

1835.

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ADVERTISEMENT.

The following translation of Lewis Say's Treatise on Wealth, has been revised by the author. It was printed for private distribution ; but the very great interest it has excited among political Economists in this country, has induced the publisher to give it a more extensive circulation.

THE AUTHOR'S PREFACE.

By the death of Jean Baptiste Say, a few years since, the science of political economy was deprived of one of its best supporters. His loss was deeply felt by the scientific world, as well as by his numerous friends.

It was by his depth of thought, by the order in his method, by his views full of an elevated philosophy, and, lastly, by his perspicuity and beauty of style, that he succeeded in propagating in France a knowledge of the science of public wealth.

Able professors have succeeded him both in the College of France, and at the Conservatoire des Arts et Métiers; and several good writers have contributed by their works to the advancement of the science.

Being of opinion that the brother of J. B. Say, and his most intimate friend, ought not to abandon a career in which he had already made a little progress, I have added my mite to the science.

From the period of the first publication of J. B. Say's Treatise on Political Economy, more than thirty years ago, though I was then very young, my brother consulted me on this important work, and even requested that, upon so serious a subject, I would make not only verbal but written observations. In numerous instances, he adopted the substance of my suggestions, and upon those points in which we differed in opinion, he urged me to take the public as our umpire.

This circumstance forced me, in some degree, to study the matter deeply; and I made, in writing, a critical analysis of every work of any value that had appeared upon the subject. My knowledge of the English language,—my

residence in London, and also at Edinburgh, Glasgow, Dublin, Liverpool, Manchester, &c.,—my conversations with David Ricardo, James Mill, and many others of the most distinguished men of science, were of great assistance to me in my studies. Finally, my social position has fortunately obliged me to make a practical application of my acquirements in the science of public wealth. My father, a stock-broker, was my first instructor in the principles of trade, and he obtained for me an appointment in the office of the Finance Minister. I was still very young when I was admitted a commercial broker at Paris. I afterwards connected myself with a Russian house. The maritime war having broken out, I became a manufacturer in Picardy; and I ultimately remained proprietor of a factory and chief partner of one of the principal houses of Nantes.

Here it was, that during a considerable period, I was a member of the commercial chamber, and also of the Royal Academical Society of the Loire Inférieure.

In these different situations, I have always made application, in a manner as advantageous to my partners as to my numerous family, of my knowledge of public wealth.

Such are my reasons for thinking that I might venture to offer the present work to public notice.

Accustomed to the style of commercial letters, the merit of which principally consists in brevity and the greatest perspicuity, totally devoid of ornament, I have some fear of not having sufficiently embellished my subject. I trust, however, in being able to attract the reader's attention by simply and candidly pointing out to him the means whereby he may increase his fortune, not only without diminishing the wealth of any other individual, but by contributing to the general wealth of the state.

P R E F A C E.

THIS is a work intended to investigate the sources of individual and public wealth and to point out the difference between the causes of both.

Many persons will not allow of any distinction between these sources. From hence, they conclude that an inquiry into the science of riches in general, is nearly superfluous. We will endeavour to show how erroneous such an opinion is, and how much it injures both public and private interest. For instance, it is easy to perceive that, when individual wealth is increased by gaming, monopolies, the favours of a sovereign etc. the revenue of the state cannot be proportionably augmented; again, taxes, special grants, prohibitions, the use of machines etc. are a source of wealth amongst a certain class of people;

and in these instances it is more difficult, than in the former, to determine whether it is favourable or prejudicial to national interest.

These questions are exemplified by a mature reflexion on the principles relating to national and individual wealth.

To make known the danger of sophistical reasoning employed on so many occasions by personal interest, in order to obtain the support or creation of certain things for public interest, while they are known to be quite injurious opposite to it; also to point out the cases in which established opinions and public or private decisions, influence alike individual and general interest; to elucidate the obscurity in which the science of the Wealth of nations is enveloped, and which occasions it to be considered as a very abstruse study; while, on the contrary it is perfectly easy and forms at the same time, a useful and

agreeable occupation, such then are the motives I have aimed at in publishing this work, and I trust that my inquiries may please those persons whose taste or occupation leads them to investigate the obvious as well as the latent causes of the wealth of nations.

To those whose minds are filled with noble and generous sentiments, a work, in which riches is made the chief subject, may appear unworthy their attention; but, when they consider the powerful influence that riches or poverty has upon the population and power of states, upon the civilisation of nations, and upon the comforts of so many millions of families, they cannot help acknowledging that it is a subject, which may be ranked amongst the most noble employments, and occupy a place in the minds of the most scientific persons.

The author of this work after an active life, having attained a sufficient independence, offers to the public the result of his

studies upon a subject, the theory and practice of which have equally engaged his attention.

He sincerely hopes that his experience may prove useful, to those whose praise worthy desire it is, to build their personal ease not on that which may impair the ease of others, but on that, which may in the same time contribute to the national welfare.

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BOOK 1st.

EXPOSITION OF GENERAL PRINCIPLES.

CHAPTER 1st.

Of Wealth in general.

WEALTH is the power of enjoying or disposing immediately of those things, that satisfy our various wants and desires.

Wealth and poverty would not exist, if men had no wants to satisfy. But it is not sufficient that a man should have desires, in order to be rich; he must also possess the means of immediately satisfying those desires. The greater the power he has in this respect, the richer he is; and poverty, which is opposite to wealth, is no-

thing else than the inability to satisfy even our essential wants.

Our wants are continually recurring, and they vary according to the different seasons, of the year. In order to form an estimate of the power, that a person has of satisfying these wants, it has been deemed necessary to consider this power in reference to a certain space of time; that of a year appeared the most suitable, because it comprises the different seasons, and because, during this period, almost all our different wants may have been felt.

Thus when one individual has annually at his immediate disposal a greater number and quantity of things capable of satisfying his various wants, than another individual, we say that the former is richer than the latter. In the same manner we say that one state is richer than another, when the population of the former can command annually a greater number and quantity of things capable of satisfying its different wants, than the population of the latter.

This power of commanding annually whatever tends to satisfy our different wants, is pretty fairly shown, as far as it regards individuals, if they live in the same state and at the same time,

by the extent of their pecuniary revenues whether derived from real or personal property or from the exertion of their own industry; for he, who possesses a greater pecuniary income, may, generally speaking, have at his disposal a greater quantity of things, that tend to satisfy his different wants, than he who possesses a smaller pecuniary revenue. We therefore, generally estimate the wealth of an individual by the extent of his pecuniary revenue: for instance, we say that a person possessing an income or revenue of 200 L. is twice as rich as he, who has only 100 L. a year.

It is not so easy to estimate the respective wealth of nations.

In the first place, it may be considered as impossible to ascertain the sum total of the pecuniary revenues of all the individuals composing each state, and even though it were possible to ascertain this sum total, we should, by no means, have a fair criterion, by which we might judge of its real wealth, which consists of that mass of useful things, which each state has annually at its immediate disposal: as in England, for instance, a pecuniary revenue of a given amount, would satisfy fewer wants than the same revenue in France. The sum total of English

pecuniary revenues compared with the sum total of the revenues of the same description in France, would give too high a standard of English wealth. The error would be still greater, if the comparison were instituted between remote periods and the present time, and between nations at a great distance from each other.

Wealth and poverty being in proportion to the means, which we annually possess, of avoiding a greater or less number of more or less important privations, the only method by which we can judge of the respective wealth of two nations, is to examine carefully the amount of important privations, to which the bulk of the population of each state is subject. The richest of the two nations is that, in which the bulk of the population appears to be subjected to the fewest and least important privations.

Thus the privation of wholesome and abundant food, of comfortable clothing, of convenient lodgings, etc., forming the principal part of the most important privations, we say that France is at present richer than it was under its ancient Kings, and that England is richer than France, because the country population, which forms the bulk of the population of every state, is better supplied in England than in France, with

those things, of which we have just spoken ; and because in France formerly, the same description of population was subjected to more numerous and more important privations, than at present.

The amount both in number and in importance of the wants satisfied in any state being the standard of the wealth of that state ; we infer from thence that its population should be rather numerous than not ; for the most important wants of man being limited, it is impossible for a small number of men to have occasion for so great a quantity of important wants, as a greater number.

If the population of a rich state were to be reduced from 20 to 10 millions the state would be less rich than before, though the pecuniary revenue of each of the remaining inhabitants should be doubled and consequently the amount of the pecuniary revenue of the state would remain the same.

This is the reason ; as we have shown before, that the most numerous and most important of our wants are those which are satisfied by a certain supply of food clothing, lodging, etc. ; these important wants once satisfied, the sur-

plus pecuniary revenue can only be employed in satisfying wants of a secondary nature or of less importance ; which would happen in the event of the pecuniary revenues of the inhabitants of the state , the population of which had been reduced by one half, being doubled. The wants annually satisfied in this state would in that case be fewer in number and less in importance : it would , on the whole , be less rich than before ; without taking into the account , that this diminution of population would almost necessarily bring with it a diminution in the production of those things, which supply a pecuniary revenue. It would therefore be next to impossible to maintain an equal amount of pecuniary revenue , when the population of a state has been diminished by one half. We do not speak of the effect , that this diminution would have of the power and force of this state ; this would lead to a consideration of the question in a political point of view ; whereas we have only to examine it in regard to wealth.

It requires but little attention to perceive also, for the same reason , that if , by any cause , the pecuniary revenues of certain individuals in a state, were to be increased a hundred fold, and if those of other individuals were to be diminished in the same proportion , the sum

total of the wealth of that state would be diminished.

If, for example, in a nation, 20,000,000 inhabitants possessing each an annual revenue of 40 L., some having more and some less, were to be replaced by 10,000 persons enjoying a revenue of 4,000 L. each and 19,990,000 having only 20 L. a year each upon an average; the total annual pecuniary revenue of this nation would still be the same, viz 400 millions, but the total amount of the wealth would not be the same. To convince ourselves of this, we need only compare the number and importance of the privations, to which a diminution of revenue from 40 L. to 20 L. would subject each of the 19,990,000 individuals with the number and importance of the privations, to which the 10,000 persons would be subject by a diminution in their incomes from 4,000 L. to 40 L. It is clear that the mass of privation endured by the 19,990,000 individuals, whose income had been diminished by one half, would be infinitely greater than that, which the 10,000 other individuals would have had to endure, if their incomes had not been increased a hundred fold. Bearing in mind this principle that the wealth or poverty of a nation is in proportion to the number and importance of the privations, which the bulk of its inhabitants

do, or do not experience, we cannot but acknowledge, as we mentioned before, that the wealth of a nation may diminish, though the amount of its pecuniary revenue continue the same. We may also perceive that too great an inequality in the incomes of individuals in a state, is the cause of a diminution of wealth in that state; therefore whatever tends to destroy this cause, tends also to increase the real general wealth of a state.

The only way of estimating wealth, is by that mass of things capable of supplying our different wants and which mass of things we have annually at our disposal.

The amount of pecuniary income is not of itself a standard, by which we can judge of wealth. It indicates approximatively the quantum of things, which its possessor may have annually at his disposal to satisfy his various wants. If, with the same pecuniary income, one individual can procure a greater mass of these things than another, the former is, in fact, richer than the latter. With the same pecuniary revenue, a family is richer at Tours than in London; in the former city it might be in easy circumstances, whilst in the latter, it might be in difficulties.

The

The mass of things capable of satisfying the various wants, which a nation or an individual has annually at his immediate disposal, constitutes the real *effective revenue* (*) of that individual or of that nation; and it is only by the amount of the effective revenue, that we can form a correct estimate of the wealth of either. *A pecuniary revenue* is me-

(*) As the words *effective revenue* frequently recur in this work, it may be necessary to illustrate the definition of this revenue by one or two examples, in order that the difference between an effective and a pecuniary revenue may be more strongly impressed on the mind of the reader.

Let us suppose the price of wheat in France to be 4^s and in England 6^s the bushel. Now, supposing every other article of consumption, taxes included, to bear the same relative money value in the two countries as wheat, a *pecuniary revenue* of 600 L. a year would only produce the same *effective revenue* in England, as a pecuniary revenue of 400 L. would produce in France. Therefore, a person possessing an annual pecuniary income of 600 L. in England, would be no richer than a person possessing an annual pecuniary income of 400 L. in France. The effective revenue of these two individuals would be precisely the same.

The price of wheat in Denmark is 2^s a bushel. An individual, residing in that country with an income of 600 L. a year, would enjoy an effective revenue equal to that of a person, possessing 1800 L. per annum in England, or 1200 L. a year in France, provided every other article of consumption and the taxes bore the same relative value as wheat, in these three kingdoms. The effective revenue is the same in every country; whereas the pecuniary revenue varies according to the prices of the different articles of consumption.

rely nominal, and is only valuable in proportion to the mass of things capable of satisfying our different wants, which the sum, forming this revenue, is able to procure.

We must not then confound the effective revenue of a nation or of an individual with their pecuniary revenue. This last revenue only indicates the sum of money, which each can dispose of annually; whereas the effective revenue is that mass of things capable of satisfying the various wants, which a nation or an individual has annually at his immediate disposal.

We may now see plainly that it is the annual production of things calculated to satisfy the various wants of the population of a state, which constitutes the real effective revenue of that state, for this mass of things, which it has annually at its disposal, cannot exceed its annual produce. The imports of this nation do not even form an exception to what we have just said; for it is only by a cession of national products, that it can procure those of foreign countries in exchange for its own. We therefore see that it is, in all cases, the whole mass of annual produce in a state, that can alone supply that whole mass of things, which the state may have annually at its disposal.

It follows from this consideration , that it is only this national effective revenue, that can be distributed among the individuals composing the state ; for the sum total of all the private incomes can only put at the disposal of those , who possess them, the total amount of the national effective revenue, only that each individual may command a greater or less portion of this national effective revenue, according to the amount of his income.

When an increase in the pecuniary revenue of an individual in a state is not attended with an increase in the annual production in that state , there is no augmentation of the public wealth ; for it is evident that in proportion as this increase would benefit certain individuals, it would , in the same proportion , operate to the prejudice of others.

It results from what precedes, that the science of the wealth of nations really consists in the knowledge of whatever tends to increase or diminish the effective revenue of a state ; that is, of the increase or diminution in the annual national production of all those things , that are capable of satisfying our various wants : that , which relates to the augmentation or diminution of the pecuniary incomes of individuals , points

out chiefly the manner , in which a portion of the total effective revenue of the state is allotted to each.

People always estimate wealth by the extent of the pecuniary revenue. They sometimes , it is true , judge of the riches of an individual , by the amount of , what they call , his capital , and they say that he is worth 5 or 10 thousand pounds ; but even in this case , they represent to themselves the fortune of the individual in question , by computing the revenue , which this capital would yield , at an annual interest of 5 per cent suppose ; whence they infer that he , whose capital is estimated at 5,000 L. , may enjoy an annual revenue of about 250 L. ; and that a capital of 10,000 L. would yield to its possessor a yearly income of about 500 L. This corresponds with the method , that I have adopted , of estimating wealth by the amount of the annual revenue. When it is said of one individual that his property consists of two large houses , and of another , that he is the owner of a small house ; this gives no definite idea of their respective wealth. It is possible , on account of the situation of these different properties , that the two large houses cannot be let at so high a rent as the small one , consequently the owner of the former is less rich than the owner of the latter , if neither has no other property.

It is the same in regard to land. A person, possessing an estate of 500 acres, may not be as rich as another, who has only 100 acres; though the lands of both may be equally fertile; all depends on the revenue that each may derive from his respective property.

Many authors have erroneously considered wealth as composed of things material. A man is rich or poor; it is only a difference of situation for him. He possesses a greater or less revenue; or he possesses none at all : in that consists his wealth or his poverty. Neither wealth nor poverty consists in such or such a thing, but in the possession or the privation of a revenue. That, which covers a table at a splendid banquet, is not wealth, but an indication, and frequently a very equivocal one, of the wealth of him, who supplies the feast. To be assured of his wealth, we should know whether his revenue admits of his keeping constantly such a table.

Articles of consumption are those, on which the action of wealth operates; but they are not themselves wealth. These articles of consumption are nevertheless indispensable to the existence of riches: in the same manner as moveable bodies are not motion, yet motion could not exist unless there were moveable bodies. We

may continue this comparison still farther by considering articles of consumption in the light of moveable bodies to which wealth imparts motion.

It will be said perhaps, speaking of two individuals, the one having only 20 shillings, and the other only 10^s, that the former is twice as rich as the latter, without either having any annual revenue whatever. Even this case does not overturn the rule. These two individuals, it is true, do not possess an annual revenue, but they possess each a fraction of an annual revenue: because each, by laying out the sum of money, which he possesses, may convert it into a certain quantity of things capable of satisfying his various wants. If the one has only sufficient to maintain himself during 10 days; the other can only support himself during 5: the one, during the 36th, the other, during only the 72nd part of the year. The portion of the annual revenue of the one is less by one half than that of the other; that is the reason, why the latter is only half as rich as the former.

We should therefore assume as a general principle, that wealth does not consist of such or such things, nor of the number or kind of properties, but of the revenues which they yield.

This analysis is so much the more essential, as it is necessary to overturn, at the very onset, this fundamental error, maintained by several writers that all consumption is a destruction of wealth. An individual, who lays out what his annual revenue supplies, in articles of consumption, does not destroy his wealth; he only enjoys it. He, who spends the whole of his income in articles of consumption, is neither richer nor poorer at the end of the year than he was at the beginning: but he, who spends a portion of his capital, which is the source of his revenue, and his income at the same time, diminishes his wealth; and in that case, his wealth is diminished only in proportion to the diminution of his income.

The capital of a state is the whole amount of the means of production, which supplies it annually with all those things necessary to satisfy the various wants of the population: its revenue consists of the mass of the articles of consumption, annually produced. This state does not consume or destroy its wealth by consuming its revenue, or that mass of articles of consumption, which it produces annually; it merely makes use of its wealth. It destroys or diminishes its wealth only; when it destroys, or employs to less advantage, its means of production, because

in that case, there is a diminution in the amount of its effective revenue in articles of consumption.

All discussion, that has for its object the increase or diminution of public or private wealth, should be confined to whatever has a reference to the increase or decrease of the annual effective revenue, whether of a state or of an individual; or in other words, to whatever tends to the increase or diminution of those things, which serve of themselves to satisfy our various wants and which an individual or a state has, or may have annually at its immediate disposal.

CHAPTER II.

Of our various wants and of their classification according to their importance.

WE have shown that the wealth of an individual was in proportion to his effective revenue; and that this effective revenue consisted in the mass of things capable of satisfying his various wants, which mass of things he had annually, or might have had, at his immediate disposal.

Considered in a general way, our wants have no limits. When the most essential have been satisfied, a multitude of others arise. Even the richest man still experiences privations: he often finds himself limited in the gratification of his desires, and he creates wants for himself, unknown to persons of more limited incomes. We may therefore admit it as a principle, that our wants and desires are only limited by the extent of our power of satisfying them; that is by the bounds of our fortune. Our wants are so numerous and diversified, that, in order to form a more correct idea of them, we have judged it proper to class them, under three distinct heads.

It is by the importance which we attach to the satisfying, or not, of any one of our wants, that we can judge of its degree of importance, and we can only appreciate its importance by the greatness or the smallness of the inconvenience, we should experience, by the want in question not being satisfied.

Our wants of the first order, are those, which are satisfied by objects of the first necessity, such as food, clothing, lodging etc., because many great inconveniences would arise from the privation of these indispensable necessities.

Our secondary wants, or, in other words, our tastes are those which are satisfied by articles of convenience, that is to say, by whatever produces an agreeable effect either on our senses or on our minds, such as music, pictures, theatrical representations, works of literature, moderate play etc. We call these, secondary wants, because the inconveniences, arising from this class of wants not being satisfied, would be of a secondary nature, compared with the preceding inconveniences.

Lastly, to the third order belong those wants, which are only satisfied by an expensive sumptuousness, that is to say, by whatever tends

to flatter our vanity, or to gratify an inordinate sensuality, or an immoderate taste; such as the luxuries of the table, magnificent mansions, costly dress, splendid furniture, a long train of servants etc. The inconveniences, that would arise from wants of this description not being satisfied, being of less importance than the preceding, we may rank them among wants of the third order.

We have not adopted an arbitrary arrangement in placing our wants of the first necessity in the first rank; those of convenience or pleasure, in the second; and those of luxury, in the third. This order is, in fact, regulated by the greater or less inconvenience, we should experience, if any of these various wants could not be satisfied. This is easily proved.

Whenever we find ourselves in such a situation, that we are obliged to deprive ourselves of the enjoyment of different things, we generally determine to dispense with those things first, the privation of which is attended with the smallest inconvenience. Now we are placed in this situation as often as we experience a diminution in our fortune. We need therefore only observe what are the expenses we would first retrench in the event of a diminution in our in-

come, 'to judge of the greatness or smallness of the inconvenience, that would arise from not satisfying such or such a want; and when we pass from opulence to easy circumstances, from easy circumstances to difficulties, and from these again to poverty, we generally dispense, first of all with objects of luxury, next, with those of convenience and pleasure or amusement, and only in the last extremity, we submit to the privation of things of the first necessity. This clearly proves, that there is less inconvenience for the generality of mankind in being deprived of their luxuries, than of their conveniences, and still less, in being deprived of these, than of things of the first necessity. Thus we ought to place in the third rank the wants of luxury; in the second rank, those of convenience, and those of the first necessity, in the first rank.

This leads us to the consideration, that as often as the opulence of certain individuals is acquired by causing other individuals, belonging to the class of those who are in easy circumstances, to sink in to the class of those who are in straitened circumstances, great inconvenience is experienced by the state. This inconvenience is still further increased, if this opulence should cause a portion of the last mentioned class to

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sink into the indigent class. This will happen whenever taxes unequally levied, are employed in creating great individual fortunes, which often happens in governments badly administered.

In order to point out to a certain degree, what we are to understand by articles of luxury, those of convenience and those of the first necessity, and to obviate the objections that may arise from too great a latitude being left to the interpretation of these expressions; we say that objects of sumptuousness or luxury are those which a family, passing from a state of opulence to easy circumstances, consents generally to part with first: that articles of convenience are those, which families generally dispense with, when they sink from the class of those who are in easy circumstances, to the class of those who are more or less straitened in their circumstances; and, infine, that articles of the first necessity are those, which families of the last mentioned class, are compelled to deprive themselves of in proportion as they sink into different gradations of indigence.

In fine, to determine approximatively by the means of their pecuniary revenues, what we

understand by opulent families, families in easy circumstances, and families in straightened circumstances, we consider opulent families, those, who possess a pecuniary revenue of about 5,000 L.; families in easy circumstances, those, whose income amounts to 500 L. more or less: we consider those families to be in straightened circumstances, who have about 50 L. a year, more or less.

The difficulty of tracing an exact line of demarcation between the classes that are in wealthy, easy and difficult circumstances, and between articles of the first necessity, of convenience and of luxury, is not a sufficient motive for denying the essential difference, that exists between these classes and these articles, and for not acknowledging the advantage of distinguishing one from the other. By the same reason that no body would be justified in refusing to acknowledge that there is either red, blue or yellow in the rainbow, because it is almost impossible to determine the limits of these colours, which are blended together by imperceptible shades.

Each of these classes, of which we have spoken above, approaches the one that precedes, or the one that follows it, by insensible grada-

tions, according to the greater or less amount of the incomes of families : thus a family belonging to the class of those in easy circumstances, approaches either the opulent class, or the class of those who are in difficulties, according as its income exceeds or falls short of the standard, which we have adopted. A great ease in circumstances borders on opulence, whereas a moderate ease approaches the class of those who are in straightened circumstances : thus also a family is nearer to the easy or indigent class according as its income is above or below 50 L.

By specifying these different pecuniary revenues, we wish it to be clearly understood ; that we only mean the effective revenues of these families, that is to say, the mass of things capable of satisfying their various wants, which these pecuniary revenues can put at their disposal at this present time and in France.

If we were speaking of other countries, or of a different period, in either of these cases, it would be the corresponding mass of things, which these families could procure annually, that would regulate their degree of wealth or poverty.

By means of this classification of families in regard to wealth, according to their degree of opulence, of easy circumstances and of indigence; and by this method of distinguishing from each other objects of luxury, of convenience and of the first necessity, we shall be able to elucidate a great number of questions relating to wealth, upon which the opinions of the best authors are divided.

CHAPTER III.

Of Articles of consumption and of their utility as such.

NOT to multiply denominations, we give the general name of *Articles of consumption* to whatever, by its immediate use, serves to satisfy our various wants, whether of the first, second or third rank: thus a picture, a theatrical representation, a coat or a house are all articles of consumption: only that the first and second of these articles satisfy secondary wants, whilst the third and last satisfy wants of the first rank.

We observed before that it was from the importance of the inconvenience, that would result from a want not being satisfied, that we are enabled to ascertain the rank to which this want belongs. It is also by the importance of the inconvenience which we should experience by the privation of an article of consumption, that we are to judge of its degree of utility as such:

thus the privation of things of the first necessity being attended with very great inconvenience, we say that these things possess a very great degree of utility; the privation of objects of convenience being followed by secondary inconveniences, we say that they do not possess so great a degree of utility; lastly, we say that objects of luxury have, comparatively but a small degree of utility, because the inconvenience arising from the privation of them, would be trifling, when compared to that, which would result from the privation of articles of the first necessity.

The quantum of utility of an article of consumption is measured by its greater or less capability to satisfy a want, but the degree of utility is measured by the importance of the want, whether that want be important or not, which the article of consumption is capable of satisfying. The quantity of any one sort of articles of consumption, joined to their good quality, constitutes their quantum of utility: thus there is a greater quantum of utility in two hundred weight of wheat than in one hundred weight, unless indeed the quality of the two hundred weight is very much inferior to that of the one hundred weight. There is also a greater quantum of utility in an ell of wide,

than in an ell of narrow lace ; but in this case the great quantum of utility is of a less degree of utility , because the inconvenience that would arise from wearing a narrow instead of a wide lace , may be considered as very small. In the same manner there is a smaller sum of utility , as articles of consumption , in ribbons than in wheat ; supposing a given quantity of each may be purchased with an equal sum of money.

We have pointed out the difference which exists between the quantity of utility of articles of consumption and their degree of utility , because the sum of the utility of these articles is in proportion to their quantity and degree of utility.

The importance of the effective revenue of a nation , that is to say , its total annual production of articles of consumption , is not in proportion to the quantity of the articles , that it produces , but in proportion to the degree of utility of these articles , because there is a smaller sum of utility in a great quantity of things of little utility , than in a great quantity of things of great utility. It is only by the sum of utility annually produced in a state , that we are to estimate the effective revenue of that state,

and it is by this revenue, that its real wealth is to be estimated.

If instead of manufacturing 600,000 ells of good linen at half a crown an ell, a nation, France for instance, should manufacture 600,000 ells of ribbons at half a crown also the ell; we should say that in respect to this last production, its revenue had diminished; it would be less rich, because in this last case, there would be a diminution in the sum of utility produced in articles of consumption, though in both these cases, the total pecuniary value of the two products would be the same.

It may be objected perhaps, that these ribbons can be exported, to the United States suppose, and rice may be imported in return. To this we answer, that in this case, these ribbons should not be considered for France as articles of consumption, but as articles of exportation. When by external commerce, ribbons are converted into rice, we may say that the real article of consumption, produced by the manufacture of ribbons is not ribbons, but rice; it is therefore by the quantum and the degree of utility of this article, that we should estimate the sum of the utility of the real final product, rice, and not by the quantum and the degree

of utility, produced by the ribbons. Thus this case, far from contradicting, confirms the rule. This shews that the public wealth may be diminished by laws which establish an inequality in the division of inheritances, or which cause enormous taxes to be levied on the middle classes, in order to enrich a small privileged class; because in both these cases, the demand for things of a less degree of utility would be substituted for that of things possessing a greater degree of utility. For instance, the demand for linen might be replaced, in part, by a demand for ribbons; in which case, a portion of the means of production would be employed in manufacturing this last article, instead of the first; the consequence of this would be, as we have just seen, that there would be a diminution in the sum of utility produced and consumed annually in the state: consequently its annual effective revenue, or its real wealth, would be diminished.

We think it necessary to remind the reader, that the utility of an article of consumption is always proportioned to the inconvenience, that would result from the privation of it; and that, whenever we are compelled, from a diminution in our fortune, to submit to certain privations, we invariably select those things, the privation

of which are attended with the fewest inconveniences. We may generally form a pretty accurate idea of the utility of each article of consumption by examining those, which we resolve successively to dispense with, in proportion as our fortune diminishes. The first things, that we deprive ourselves of, are those; which have the least degree of utility and the last are those which have the greatest degree of utility. We therefore see that articles of luxury are less useful than those of convenience, supposing the price of an equal quantity of each to be the same, and that these again, in their turn, are less useful than articles of the first necessity, if the price of a given quantity of each be the same.

It frequently happens that sumptuousness and convenience are united in the same article of consumption, as in a splendid equipage; its power of conveying us with rapidity from one place to another, especially in wet weather, constitutes its convenience; high spirited horses with rich trappings, and a remarkably easy carriage, enriched with a variety of ornaments, constitute its sumptuousness. An article of consumption may combine the two qualities of being agreeable, and of being of the first necessity; as for instance a piece of fine cloth: its

fineness constitutes its agreeableness ; its property to clothe , renders it an article of the first necessity. In fine , these three qualities, viz sumptuousness , agreeableness and first necessity , are frequently combined in the same article , as a table , for instance ; if it be enriched with expensive ornaments. A table is an object of necessity ; a mahogany table is an object of agreeableness and necessity , and if it be enriched with gilded mouldings , the same table combines the three qualities above mentioned. Indeed there are very few things that relate merely to luxury ; the richest persons seem to be ashamed of wishing to possess things entirely frivolous ; they endeavour to attach a greater or less degree of utility to those things , which were intended by them merely to gratify their caprice.

When by a diminution in our income we are compelled to retrench our expenses , we do not ; on that account , deprive ourselves of such or such articles , but we dispense with what only may be considered as superfluous or elegant , in these articles.

Those , who are in opulence , and who happen to experience a small diminution in their fortune , complain bitterly , saying that it is im-

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possible for them to submit to such and such privations; whereas perhaps, as is often the case, they are only obliged to retrench what is superfluous in certain articles; but how much more are they to be pitied, who are obliged to dispense with the articles themselves.

CHAPTER IV.

Of the means of production, and of their utility as such.

EVERY useful product requires one or more of these four things for its production,

Viz. two material :

- 1st The employment of the raw material of which it is composed.
- 2^d The employment of the tools, that act on the raw material.

And two immaterial ,

- 1st The employment of an impelling force which sets the tools in motion.
- 2^d The employment of an intellectual capacity to give a certain direction to the physical force.

Thus linen requires for its production ,

- 1st The employment of a raw material, flax, of which linen is composed.

2^{dly} The employment of tools or machines, that have been employed in manufacturing it, viz the spinning machine, loom and shuttle.

3^{dly} The employment of the physical force of the workmen, who worked the spinning machine, the loom and the shuttle.

4^{thly} The intellectual capacity of the workmen, which directed with more or less intelligence their physical force.

We may here remark that the quantum of utility produced, is by no means in proportion to the quantity of means employed in its production. We may employ a great quantity of raw materials, a great number of instruments, a large quantity of physical force and much intelligence, and yet produce but a small proportion of utility; as for example, by prosecuting unjust wars, or by raising up enormous monumental piles. Whereas on the other hand, we may produce a large sum of utility with a proportionably small quantity of raw materials and instruments, with no very great exertion of physical force, and with a moderate share of intellectual capacity: this is observable in almost all the productions of agriculture.

Looking upon the matter in this point of view, we can only in fact consider the means of production in the light of promises of production, properly speaking, which are only realised by the employment of these means in producing a greater or less degree of utility.

Thus, though a state should possess excellent seed, fertile lands, robust labourers and intelligent farmers, which are the most powerful means of production, in the four classes of means, that we have mentioned, this state would not be richer; that is, it would not obtain a greater annual production of articles of consumption, if, from the defects of its political institutions, these powerful means should, in a great measure, be paralysed, which is the case in Persia and Turkey.

These considerations lead us to conclude, that those writers are in error, who judge of the quantity of utility of a product, by the quantity of labour, that is, physical force and human intelligence, which has been bestowed on it.

Thus the pyramids of Egypt required immense labour, or, in other words, an enormous quantity of the means of production in physical

force, in raw materials and in intellectual capacity, to raise these gigantic monuments, and yet, there are few persons, who would presume to maintain, that the utility, arising from the erection of these monuments, is at all commensurate with the immense mass of physical force and human intelligence, employed in their erection.

We should also remark that the money value of an article is almost always in proportion to the means used in producing it. Now, we have just seen that a large mass of means have been frequently employed to produce a small degree of utility; whence we may conclude that the money value of things is a very bad criterion, by which we can judge of their degree of utility in every respect, except that of their power of procuring by their cession the sum of money expressed by their pecuniary value.

It may perhaps be remarked that we have not made use of the word *labour* in our enumeration of the means of production. This is the reason.

Almost all the authors, who have written on wealth, have observed that every work-man employed a certain quantity of active physical

force and intelligence to produce a useful object, and they have given the name of *labour* to this simultaneous employment of the mental and physical faculties of man:—but this employment of his faculties may, at one time, produce, and at another time, destroy things that are useful to man.

Masons can build a house, but they can also demolish it, they can produce and destroy it.

The handsome houses, that formed Bellecourt square at Lyons, were produced and destroyed by the same class of workmen; and perhaps also by the same men, for those houses were nearly new (*). The soldiers, who massacred, and the executioners, who tortured their fellow citizens, on account of religious opinions, were paid for their labour. Was this productive labour? Or could it serve as a standard of value according to the principle, laid down by many authors, that labour is the only real standard of value?

When we pay a person, in order to have the benefit of his physical force and intelligence, we only consider the result that we would obtain. The payment we make is not for the la-

(*) This took place during the french revolution, in 1794.

hour in itself, but for the produce of that labour. A still stronger proof of this is, that if a workman is either so skilled or so intelligent as to produce, with less trouble and less labour, the same result as others, with greater trouble and more labour, he is not the less well paid for the work which he has produced.

The expression *Unproductive Labour*, employed by a celebrated author, has been justly animadverted on. He however affirms that labour is the only source and the only standard of value. What would then be the consequence, if he were obliged to have recourse to the expression *Destructive Labour*, and yet there are but too many examples of this sort of labour. The word *work* is often used in a figurative sense, to express the *produce* of labour. We frequently say there is a fine work, to express briefly, a fine production of the labour or work of man, or a fine work produced by him. This figurative or idealized expression has led many authors astray. They have taken the thing in a literal sense, and have thought that labour was useful in itself, whereas it is only the result of labour, that is in itself useful. We should therefore be very sparing in the use of the term *Labour*, which occasions very serious mistakes, in consequence of the variety of acceptations, in which

the word is liable. Instead of the word labour, it would be better to employ the definition of the two significations, as the case may require. In the one case, the employment of the faculties of man: in the other, the work produced by him; but we should not, in imitation of several authors, say that labour is a value of itself, and that it is of itself real wealth.

In the employment of the faculties of man, it is necessary to distinguish between what belongs to his physical powers, and what, to his intelligence. His physical force may, in many cases, be supplied by that of animals, by wind or by water, by the expansion and condensation of steam, etc., consequently the pecuniary revenue, that he may derive from the exertion of his physical powers, might be diminished, in proportion to the employment of these different means of physical force; but as his intelligence can not be replaced by these or any other means, and as the class of persons, who possess a great intellectual capacity, is much less numerous than the class of persons, who possess considerable physical force; these two circumstances are the cause, why the first of these two classes can, generally speaking, acquire a greater pecuniary revenue than the latter.

This is true at least in modern times, but it was otherwise under the feudal system, for the barons were, in a great measure, indebted to their physical force for their wealth and power; but now it is by cultivating our intellectual, rather than our physical powers, that we are enabled to acquire a fortune.

CHAPTER V.

Of the Causes of Production.

THERE are many things that are not employed specially and directly in the creation of a produce, and yet are the causes of its production.

Thus a farmer, who sees his country occupied by an undisciplined army of enemies, would not be at the trouble of manuring, ploughing and sowing his fields, fearing lest at the harvest, he should be deprived of the fruits of so much labour and expense. The necessity of enjoying the fruit of our labour is therefore a powerful cause of production, for without this security, the produce would probably never have existed.

Whatever tends to guaranty the inviolability of our persons and properties, is therefore a powerful cause of production; whatever co-operates in producing this inviolability and security may be considered as a cause of production. Judicial and military institutions, medical sciences, enclosures, warehouses etc. may be ranged in this class.

The facility of exchanging an article , which we do not want , for one , which we do want , by selling the one and purchasing the other , is also a great cause of production. By means of this facility , every country , every individual may devote his time to the production of those things which he can produce in the greatest abundance and with the least difficulty , under the full assurance of his being able to exchange his produce for another which he prefers. Whatever therefore facilitates the transfer of property is also a great cause of the increase of production. Commerce , money , public roads and canals are therefore powerful causes of production.

Lastly the arts and sciences , which teach us how to derive the greatest possible advantage from our intellectual and physical forces and from natural agents , may be ranked also among the causes of production.

All those who contribute to these three great causes of production , though they do not contribute directly to the production of any one thing in particular , but cooperating , in fact , in the general production , may be considered as real indirect producers. We should however bear in mind , that it is only in proportion to the ser-

vices rendered by these persons or things , that they can be considered useful in this respect ; for a civil or military officer , who , instead of protecting our persons and property , should arbitrarily violate the one or the other ; or a physician , who instead of benefiting , should injure our health ; these persons cannot be , by no means , classed among the causes of production , or counted in the list of indirect producers. The merchant , who enriches himself by speculating on the ruin of other merchants or traders , or on the misery of the class of consumers , should be considered in the same light ; in the same light also should be considered the professor , who instead of teaching wholesome truths , should propagate erroneous doctrines.

It appears therefore to us that all these causes of production may be ranged in one or the other of these three classes.

1st That , which contributes to insure the inviolability of our persons or our properties , such as good laws , sound moral principles , a public force properly employed etc.

2^d That , which contributes to facilitate the

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transfer of property , such as commerce , money , roads , canals etc.

3^d That , which contributes towards enabling us to derive the greatest advantage from our different means of production such as scientific instruction in its different degrees.

CHAPTER VI.

Of the Means of acquisition things and of their utility as such, or of their value.

I have hitherto considered things as useful in three ways.

1st As articles of consumption.

2^{dly} As means of production.

3^{dly} As causes of production.

But they can be still further useful in a fourth way viz as means of acquisition.

It frequently happens that the same thing may be considered sometimes in regard to one, at other times, in regard to another of these four kinds of utility. The ox, for example, possesses the whole four. The purveyor considers him useful as an article of consumption: the farmer, as the means of production; employed by the carter, he may be considered as a cause of production, by transporting merchandise; the drover considers him merely as the means of acquiring money.

It is essential to distinguish these four kinds of utility one from the other: for, as we shall frequently have occasion to observe in the sequel, the same thing may have little utility in regard to one of these kinds, and much in regard to another, if we confound the different sorts of utility by designating them all by the same term *Value*, it will be impossible to understand one another when we speak of the value of things; some persons, for instance, would consider that value in regard to the consumption, others in regard to the sale of a thing, that is to say, as a means of acquiring money.

To avoid all confusion in this respect, it is better to confine the word *Value* exclusively to denote the utility that a thing may have by its cession or sale, as a means of acquisition. This is, in fact, the sense, in which this word *value* has generally been employed.

Thus when we say that one diamond has double the value of another, this generally means that by the cession or sale of the one, we can obtain twice as much money, as by the cession or sale of the other.

The value of a thing, or its power of acquisition in relation to another thing, is always measured by the quantity of the one, that we

would consent to part with , to obtain a given quantity of the other. Thus the value of any commodity, in respect to money, is measured by the sum of money, that we would consent to part with, to procure the commodity in question: this is regulated by the pecuniary price current. In the same manner, the value of a certain sum of money, in respect to any purchasable article, is measured by the quantity of this article, that we would consent to give to obtain the sum of money.

If, for example, at a certain period of time, people generally consented to give four sacks of wheat to obtain a mark of silver; and if at a subsequent period, they only consented to give one sack, to obtain the same sum, we should conclude that the value of silver, in regard to wheat, had diminished by three fourths during this space time.

It is the quantity of any thing, which we consent to part with to obtain a certain quantity of another thing, which is the measure of the value of the last in respect to the first.

This proves two things:

1st That in every bargain, that which measures the value of each of the articles, is the quantity

of the one, which we agree to give to obtain the other. If in a market the price current of a sack of wheat is 10 ounces of silver, this not only proves, at the same time, the value of silver in respect to wheat, but also the value of wheat in respect to silver; because it indicates the quantity of each of these commodities, which we consent to part with to procure the other.

2^d It proves that, as often as an article increases or diminishes in value in regard to another article, the latter diminishes or increases of value in an inverse ratio in respect to the first. If, for example, landed property should have doubled in money value in the space of a century, the value of money in respect to landed property would have diminished by one half during the same period of time. This will hold good in all cases of variation of price in every other article. If the price of any commodity rises, the value of money, in regard to that commodity, falls; and the value of money increases in respect to every thing that decreases in price.

I have preferred selecting my examples from those commercial transactions where money and merchandise are concerned, rather than from those of barter or an exchange of commodities, because in the immense number of transactions,
that

that take place daily in every part of the globe, the cases of barter are very limited and unimportant ; whereas examples taken from what occurs daily under our eyes, are more clear and striking and present more familiar notions on the subject than those which seldom occur and are chiefly confined to remote regions and barbarous countries.

Besides, what we have said on the subject, equally applies to cases of barter. In these cases each of the commodities exchanged serves to measure the value of the other, because the trader has consented to part with one in order to obtain the other. Thus when in Africa a trader consents to give 10 bottles of brandy in exchange of 100^{lb} of gum, this transaction indicates the value of gum in regard to brandy at the same time and place, when and where the exchange was effected ; as on the other hand, the gum merchant consents also to give 100^{lb} of gum to procure 10 bottles of brandy, this bargain proves, in the same manner, the value of gum in respect to brandy, at that time and place. If at a later period, the gum merchant will only consent to give 90^{lb} of gum for the same quantity of brandy, the value of brandy will have fallen 10 per cent in regard to gum, as the value of the latter article will have risen 10

per cent. If the gum merchant had consented to give 110^{lb} of gum to obtain the same quantity of brandy, in this case, the value of gum, in regard to brandy, would have fallen in the same proportion, that is 10 per cent, since the trader would have consented to give only 9 bottles instead of 10 for the same 100^{lb} of gum.

As we have before observed, the value of an article, that is to say, its power as a means of acquisition, is always measured by the quantity, which a person consents to give of some other thing to obtain it; but it is easy to see that the value of any thing whatever, as a means of acquisition, can only be determined by marking out the thing on which the power of acquisition is to operate, as well as the time and place, where the bargain is effected. For to obtain the same quantity of a certain commodity, we may, according to time and place, consent to give a greater or less quantity of another commodity, which causes their respective values to change; whence it follows that a commodity, which increases in value in regard to another, may nevertheless diminish in value in respect to a third, and may continue of the same value, in regard to a fourth.

Let us take for example these four articles,

silver, wheat, oil and hemp, and let us suppose that, in a certain year, to obtain an ounce of silver we agree to give a certain weight of each of the other three articles. The year following wheat rises, and hemp falls in price; the price of oil only continues the same. It will be said that wheat has a greater, hemp a less, and oil the same value, as the preceding year; but this will only hold good as far as it respects silver; for in regard to wheat, for instance, the oil will have sunk, in value: for to obtain the same quantity of oil, we would only consent to give a smaller quantity of wheat. Whereas, on the other hand, this same oil will have increased in value compared with the hemp; for to obtain the same quantity of oil, we would consent to give a greater quantity of hemp. The silver will only have preserved the same value in regard to oil, but it will have diminished in value in respect to wheat, as we should only consent to give a smaller quantity of wheat to obtain the same quantity of silver: on the other hand, silver will have increased in value compared with hemp, for the contrary reason.

These examples prove that the value of a thing, or its power of acquisition, can never be considered absolutely, that is, without referring it to some other thing. The value of a

thing ought always to be considered comparatively, and in relation to certain other things at a determined period of time and in a certain place, unless these three circumstances be understood, as is generally the case when we speak of the value of a thing, it is understood relatively to money, at the time and in the country in which we are speaking.

In recapitulating the subjects of the four preceding chapters, we shall find that every useful thing or person possesses one or more of the four following kinds of utility.

1st They may be useful by their capability of satisfying, directly and of themselves, our wants and desires; of this kind of utility are the different articles of consumption.

2^{dly} They may be useful by their employment, as means of production; of this sort of utility are tools, machines, raw materials, physical and intellectual forces.

3^{dly} They may be useful by their services as causes of production, either by contributing to insure our persons and our properties from whatever may be injurious to either, or by imparting useful

knowledge , or lastly by facilitating the transfer of property.

4th They may be useful as means of acquisition, by ceding them ; of this kind of utility is every sort of merchandise and money.

The word *value* has been particularly employed to indicate this last sort of utility and we say that a thing has greater or less value , in proportion as , by its cession , we can procure a greater or less quantity of other things, chiefly gold and silver , which are themselves the most convenient and the most universal means of acquisition.

It is proper to remark in this place , that the utility of each of the things , possessing one or more of the four kinds of utility of which we have just spoken , is always in proportion to the want of the utility of the thing in question.

Thus the utility of wheat , considered as an article of consumption in a country , is limited by the quantity required for the consumption of that country : whatever exceeds this quantity , has no longer , for the country in question , any utility as an article of consumption ; but it has , as means of acquisition ; for its exportation may serve to procure other articles of consumption , which the nation may require.

Campeachy wood possesses very little utility in the country where it grows, because the inhabitants have little or no occasion for this wood, as a dying substance ; but transported into Europe, it becomes an article of great utility on account of the colour extracted from it.

The utility of any of the means of production, as that of corn mills for instance, is limited by the quantity of corn required to be ground, to increase them beyond the number necessary for this purpose would not add to the sum of utilities.

Passing next to the causes of production. If a certain number of magistrates or soldiers are necessary in a state to ensure the security of our persons and property, a greater number in either of these classes, would become a burden to those who pay taxes, and who would receive no compensation whatever for this additional burden.

Lastly, in respect to the means of acquisition; if the current coin of a nation be sufficient for its internal circulation, any addition to the coin already existing, would have the effect of diminishing its value; or, which is the same thing, it would produce a rise in the price of every purchasable article; and whatever commodities

may have been exported to procure this surplus money, would be a dead loss to the nation in question, until this surplus be reexported to procure, in return, other commodities, of which the nation might stand in need.

But, as it is only in proportion to the extent of the wants of man, that things possess utility, we are not to infer from this, as some persons have done, that the means of increasing wealth, is to augment the mass of wants, under the pretext, that the greater and the more numerous our wants are, the greater utility and value would those things possess, which are capable of satisfying these wants. In every nation, even in the most wealthy, there unfortunately remains a great number of important wants, that cannot be satisfied. When the general wealth of a state shall have reached that point, that none of its inhabitants will experience any privation in regard to the most essential wants, it will then be time to find out factitious wants which can only be satisfied but by absorbing the employment of an immense number of the means of production, and by turning them from their essential object viz that of supplying things capable of satisfying real and important wants.

The value of each thing, as a power of acquisition, is almost always considered in regard

to money; we shall, therefore, lay little stress on the value of things compared to each other: it is of the money value of things, that we shall treat principally. Besides, it is by the money value of a thing, a value indicated by its pecuniary current price, that it becomes easy to judge of the respective value of things in regard to each other; for two things, that have the same value in regard to money, have the same value in regard to each other. If at a given time and place the price of an ox is twenty times higher than that of a sheep; this will shew the value of one in regard to the other; although perhaps we should not be able to barter a certain number of the one for the other, yet by the means of a sale and a purchase, this object may be accomplished. By selling the ox, we may purchase 20 sheep; or by selling the 20 sheep, we may purchase the ox; which exactly proves, by the rules, that I have laid down, the value of these animals in regard to each other and with regard to any thing else, of which the current price is known.

We shall now therefore examine carefully the subject of the pecuniary value of things, that is, their value in regard to money; because this examination will shew, at the same time, the respective value of different things, in regard to each other.

CHAPTER VII.

CHAPTER VII.

Of the Pecuniary value of things.

THE pecuniary value of a thing is always determined by the influence of these three circumstances :

- 1st By the desire, which we have of the thing ;
- 2^d By the quantity of it in the market ;
- 3^d By the sum of money that we can afford to give for it.

For instance, the pecuniary value of race horses, that is their price, will rise in a country in proportion,

- 1st To the desire, that exists in this country to possess horses of this description ;
- 2^d To their scarcity ;
- And 3^d To the wealth of those persons, who wish to purchase them.

Individuals ; who are immensely rich and passionately fond of race horses, will consent

to give an enormous price for them, and their scarcity will induce those who possess them, to demand an exorbitant price for them, and they will obtain it.

The price of wheat may fall in the same country, from circumstances exactly the reverse. The bulk of the people, who are the principal purchasers, may be very poor and can afford to give but a low price for this article. If at the same time, there should be an abundant harvest, wheat will be exceedingly cheap.

Should these different circumstances happen to change in an inverse ratio, we should see the price of race horses lower, and the price of wheat rise.

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The prices of hay and wood are sometimes higher and sometimes lower, and yet the cost of production of these two articles, remain the same. What, causes the difference between the prices of choice wines and those of an ordinary quality, is not the difference in the cost of production, but is the quantity of each, that is produced annually.

These examples prove that it is neither the degree of utility of things, as articles of con-

sumption, or as means of production, nor their cost of production that regulates their money prices, nor, consequently, their relative value.

It is nevertheless to be observed, with respect to the cost of production, that, if not directly, at least, it exercises indirectly, a certain influence on money prices; for we should not employ ourselves for any length of time in producing an article, the sale of which would not, at least, repay us the cost of production; in that case, the quantity of the article in question will be diminished to that degree, that those who can afford to pay for it, are obliged to submit to the price which those who possess it, are pleased to exact. But even this case comes within the rule that I have laid down, viz that it is, on one hand, the quantity of the thing that is for sale, and on the other, the quantity of money, which a person can afford to give for it, that will, in all cases, regulate definitively its price, putting out of the question its degree of utility, or its cost of production. This is an important consideration; for it is a fruitful source of error to estimate the degree of utility of things, or their cost of production, by their pecuniary value.

The following objection has been raised. No

one, it is said, is so void of judgment as to pay a high price for an article of little use; consequently, it is inferred that every thing, which bears a high price, is extremely useful. To this we answer: when an individual possesses in abundance whatever he deems very useful, and when his immense income enables him, no matter at what price, to satisfy the most frivolous caprices, this individual does not shew any want of judgment in paying an excessive price for an article, that may, nevertheless, possess but a small degree of utility.

Let us examine what takes place in a market, where the price of a certain commodity is determined. The sellers endeavour to discover whether there is much or little demand for the article, which they have for sale. The buyers, on the other hand, endeavour to discover if the sellers are in want of money; finally, the one and the other examine whether the number of buyers exceeds that of the sellers, and *vice versa*: the price of the commodity rises or falls solely from these motives. The seller concerns himself little about the utility, the article which he has sold, may have, and the buyer, as little, whether the price, that he has paid, reimburses or not, the cost of production.

The value of land has risen considerably in France during these late years, because the quantity could not be increased, and because there have been large disposable sums of money, that might be applied to the acquisition of landed property. The degree of utility and the cost of production did not, in the least, influence this rise in the value.

When an eminent painter happens to die, the prices of his pictures advance considerably; in this case there is no increase in the cost of production or in the degree of utility of these pictures, but their number being limited by this event, there is no danger that an additional number will exceed the quantity of money, that may be offered for the pictures of this great master: the picture sellers take advantage of this circumstance to rise in their demand, and the admirers of these pictures are obliged to pay a higher price for them.

A trifling bauble, made at a small expense, if it should come into fashion, rises excessively in price, and acquires great value without acquiring a great degree of utility and without any increase in the cost of production.

There are, as we have just seen, a multitude

of causes, that influence the pecuniary value of things, that are independant of their degree of utility, or of their cost of production. There is hardly any case, in which the abundance or scarcity of agricultural or manufactured produce, the scarcity or abundance of money, taxes or monopolies do not affect, in an important degree, the pecuniary value of things, which pecuniary value serves to indicate the value of one thing in regard to another. It is in vain then, that we attempt to fix the value of a thing, either in reference to its degree of utility, or to the cost of production or to a combination of these two circumstances. It ought to appear evident from what we have said, that this value is always relative and variable and that it is impossible to consider it by itself, or as independent.

A pecuniary valuation of every thing, which an individual possesses, may give a pretty exact idea of his riches. An inventory of the property of a person deceased proves the amount of his wealth at the time of his decease. But why? because we see that the amount of the sum, mentioned in the inventory, may, at the will and pleasure of the possessor, be converted into a property of any description, capable of yielding a certain pecuniary revenue, a revenue,

that would enable its possessor to enjoy annually a certain mass of things capable of satisfying his wants and his various desires, which would clearly indicate the amount of his real wealth.

But the valuation in money of all that a nation possesses can give but an imperfect idea of its wealth. We have just shewn that a thing may have a very great pecuniary value and comparatively but little utility, either as an article of consumption or as the means of production. Let us recollect that the utility of a thing is measured by the extent of the inconvenience, which we should experience by the privation of it. Now let us suppose, in an inventory of the property of two states, the amount in pecuniary value to be the same, but that the sum, 200 millions suppose, in the one consists in highly cultivated lands, convenient private houses and in manufactories of various kinds: in the other, it consists in extensive parks, in sumptuous palaces and in monasteries; we should say that the wealth of these two states is not equal, though the amount of the valuation in money be the same in each state, because the revenue in things capable of satisfying the various wants of man, and consequently the sum of utility is much greater in the former than in the latter.

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When the money value of any commodity rises, if this commodity be considered as an article of consumption or as a means of production for the state, although there be, in this case, an increase in the mass of value in this state and although this increase of value may enrich certain individuals who possess the commodity in question, yet there will be no addition to the mass of the wealth of the nation, because there was not, by this circumstance, any increase in the sum of utility possessed by this state. The only effect of this augmentation of price was to enrich certain individuals by distressing others. It is only in the case that the commodity in question, can be considered as an article of exportation that is to say, as a means of acquisition for this state, that its augmentation of price becomes an augmentation in the wealth of the state.

These different examples shew that there are cases, in which the rules for estimating wealth may be correct as applied to individuals, but they will not hold good, if applied to states.

CHAPTER VIII.

CHAPTER VIII.

Of the pecuniary cost Price of things.

EVERY useful thing generally requires for its production the employment of a certain quantity,

- 1st Of raw materials ;
- 2^{dly} Of tools or instruments ;
- 3^{dly} Of intellectual skill ;
- 4^{thly} Of physical force or manual dexterity ;
- 5^{thly} Of pecuniary capital.

But those who possess one or more of these five things, do not grant even the temporary use or enjoyment of them gratis.

The sum total of the different payments in money, required to produce an useful article, is called its *pecuniary cost price*.

The raw material, employed in the production of a useful article is always ceded definitively and we can only obtain the employment of it by a sale or cession of it, made by

its owner : but we can obtain , by certain payments , bearing the generical name of hire , the use or enjoyment , during a determined space of time , of tools or instruments , of intellectual capacity , of physical force and manual dexterity and lastly of pecuniary capital necessary to produce a useful article. The hire of land is called rent ; that of instruments ; buildings and machines , retains the name of hire ; that of intellectual capacity is called fee or emolument ; that of physical force and manual dexterity is called wages ; and lastly that of pecuniary capital is called the interest of money.

The pecuniary cost price of a piece of painted cloth is , therefore , composed of what sums have been necessary for its production :

- 1st Of the price paid for the raw materials
viz cotton , colours etc.
- 2^{dly} Of the hire of the buildings , machines ,
utensils etc. or of the rent of the land ;
- 3^{dly} Of the salaries of clerks , managers , etc.
- 4^{thly} Of workmen , wages or of money paid
per piece ;
- 5^{thly} And lastly , of the interest on the pecu-
niary capital employed.

that the cost price of an

article is composed of many different elements and not of one only viz the payment of the manual labour, which some authors call the quantity of *Fixed Labour* in an article, a technical phrase which obscures, instead of elucidating the subjects which are in discussion; the cost price of a thing is what different authors call its *Expense of production*, its *Natural or real price*, its *Natural value*: but it is clear that the cost price of a thing is exceedingly variable, since it depends on things variable in themselves viz on the prices paid for rent; hire etc., on the interest of money, on the greater or less economy in the manual labour etc. The expressions *Natural price*, *Natural value*; seeming to indicate a thing fixed and determined, should therefore be exploded, principally because they produce a certain confusion in our ideas of pecuniary value.

The money price current of an article, which is the indication of its pecuniary value, is by no means the same thing as its pecuniary cost price.

It very seldom happens that the possessor of a useful article sells it at the price which its production costs him, if he be a manufacturer, or at the price which he gave for it, if he be

a merchant or a trader. The possessor of this article demands, and generally obtains, a surplus price, which is more or less elevated, in proportion to the abundance or scarcity of the article in question and over which he exercises a greater or less monopoly.

The cost price of a sack of wheat, produced on very indifferent land, is greater than that of a sack of the same kind of corn produced from fertile land; it was necessary to employ more manure, more labour and a greater quantity of seed to produce the first than the last, nevertheless their price current is the same (*). Moreover this price current itself varies, according to the abundance or scarcity of crops, or the speculations of merchants or corn factors, and not according to the pecuniary cost price of a sack of corn, a price which, in general varies but very little when land is of the same quality.

A cask of wine from a vineyard in great re-

(*) It is the difference in the rent, that is to say, in the share which the landlord receives, of the produce of the land, whether in money or in kind, that explains why the price of these two sacks may be the same. If the farmer of the fertile land gives the half of the total produce to the landlord, in kind or in money, the farmer of the indifferent land only gives a third or a fourth, according to the quality of the land.

pute does not stand the owner in more, than a cask of wine from a vineyard of an inferior description; but in consequence of the monopoly which exists in regard to the first, in a greater degree than in the last, their prices current are very different.

The price current of an article is therefore composed both of its production cost price and of its monopoly price, for monopoly always exerts a greater or less influence on the price of an article; and even when the price current of any commodity falls below its cost price, it may also be attributed to the influence of monopoly, which, in this case, ceases to produce its usual effect and acts, contrary to the desires of the monopolists.

In consequence of the numerous causes of variation both in the cost price and in the monopoly price, and consequently in the price current of a commodity, we think it improper to apply to the one or the other of these prices, the terms *Real Value*, *Natural Value* which seems to indicate a thing determined.

This perpetual variation of the cost and current prices, renders them quite inapplicable to the measuring of the degree of utility of a

thing considered as an article of consumption , or as the means of production ; this degree of utility being subject to very little variation in an article , although it undergoes a great variation in price.

The price of the raw material , and the expenses of the different means of production , being , to a certain point , generally known , the pecuniary cost price of an article is a pretty exact indication of the quantity of the means of production that were employed in producing it ; but its price current , being always subject to the influence of monopoly , can give but an incorrect idea of the quantity and value of the means of production employed. The pecuniary value of an article cannot therefore be an indication of its cost of production.

The price current of any commodity cannot remain , for any length of time , under its cost price , because we would not employ ourselves in producing an article , considered as merchandise , unless with the intention of making a profit by it ; and this profit is the monopoly price , that is , the surplus of the price obtained by its possessor over the cost price. If , by any cause whatever , by a great abundance for instance , the monopoly price disappears , and the

price current falls below the cost price, then the production diminishes and the commodity, after a little time, becomes scarce, which has the effect of reproducing the monopoly price.

There are many things the price current of which, or their pecuniary value, has this monopoly for its sole or principal cause, and the cost price has little or no influence on their price current.

An island is produced in a river by alluvion and becomes a fertile meadow. This production costs nothing: its cost price is therefore a nullity. Its current price is regulated by that of other lands; a price which, in itself, has no other origin than the right of exclusive property, or, in other terms, monopoly.

The cost price of sea salt is very low; its high current price, in France, is entirely owing to the monopoly of the government in this article.

When a government lays a tax upon any commodity, on wine, for instance, it becomes, in some measure, a co-proprietor general, that is, it only grants the enjoyment of this property on condition of sharing a certain portion of the

profits with the particular proprietor, in case the latter sells it: the government, in that case, becomes a co-monopolist with the wine merchant, and the price current of wine, duty paid, is much higher than the cost price.

Many authors have imagined that the current price of a commodity should be a measure of its utility; as an article of consumption, that is to say, should be a measure of the service that its consumption renders. This opinion is entirely erroneous. I shall now lay before the reader the arguments of these authors in support of this opinion, and I trust also, a refutation of them. The price of an article, say they, shews very nearly the quantity of labour, that its production costs, since, by the effect of competition, the current price of a thing ought to approach nearly to its cost price: this price, therefore, shews the quantity of means, chiefly labour, that were required for its production; now, as it is not at all probable that much labour would be employed in producing an article of consumption of a small degree of utility, therefore a high price indicates a great degree of utility; besides, the importance of the sacrifice; which we consent to make, to obtain a thing, is a proof of the degree of utility which we consider that thing to possess, therefore they say the higher

higher the price that is paid for an article, the greater they suppose is the degree of utility that the purchaser derives from the consumption or enjoyment of it.

In this lies the error of these arguments. In the first place, the current price of a thing is far from being an exact indication of the quantity of labour required for its production. We should deceive ourselves in affirming with an esteemed author (*) that, the current price of 4^{lb} of iron being one franc and that of 4^{lb} of gold being 6000 francs, this proved that it was necessary to employ 6000 times more labour to obtain a certain quantity of gold than to obtain the same quantity of iron; in fact, it does not require a hundred times more; and this enormous difference in the price of the two metals, arises from the scarcity of the mines of gold and the abundance of those of iron. In the total value of gold, its production price is much less than its monopoly price: whereas the contrary is the case in regard to iron; its production price being much greater than its monopoly price.

A workman frequently employs much labour to produce an article not only of little utility, but which is even hurtful. When he agrees, for

(*) RICARDO.

a stipulated sum of money, to execute an order, he does not consider whether the article, which he has to make, is useful or injurious, he only looks to one result of his labour, that is to say, to what he will be able to procure with the sum of money that he is to receive in payment for it, without giving himself any concern, whether the article, for which he is to be paid, is useful or not. An artisan makes either an instrument of torture or an easy chair, provided he is paid for the time that he spends in making one or the other of these articles.

I do not deny, that we are able to judge, to a certain extent, of the utility of a thing, by the sacrifice which we consent to make in order to obtain it: but when one individual gives a certain sum to procure an article and when another individual gives double that sum to procure another article, this does not prove that the latter makes a sacrifice twice as great as the former, that depends on their respective fortunes, but this does not prove that the article, for which double the sum has been paid, has double the utility of the other.

If an individual, whose annual income amounts to 100 L. pays 2 L. 10 s. for a looking glass: and if another individual, who enjoys an

income of 200 L. pays 5 L. for another looking glass, even on the principle of the proportion that exists between the degree of utility and the importance of the sacrifice which we consent to make, it will not prove that there is twice as much utility in one of these glasses as in the other; for one and the other of these purchasers have made a sacrifice pretty nearly equal in devoting the fortieth part of their incomes to effect these purchases, and in fact, the difference of utility, as means of enjoyment, between these two glasses, is very trifling since we have before observed that the degree of utility of a thing, is measured by the inconvenience which we should experience by the privation of it. In the case under consideration, there is no question of the privation of the whole of the utility of the glass, but only of the privation of the utility of the difference between the respective sizes of the two glasses; now, the inconvenience of being obliged to make use of a mirror of somewhat smaller dimensions, is far from being in proportion to the difference of their prices, that is to say, in the proportion of two to one.

We may therefore, safely conclude from all that we have said on this subject, that the current price of an article, or its pecuniary

value, is a very incorrect measure of the quantity of labour employed in its production, of the sacrifice which it was necessary to make, in order to procure it, and of its degree of utility, as an article of consumption.

These distinctions are not only essential in words but they are still more so, in regard to facts that relate to wealth.

We have before observed that it was the sum of utility annually produced, that constituted the effective revenue of a nation and was the just criterion by which we are to judge of its wealth, which wealth is divided among the inhabitants by the means of individual pecuniary revenues:

Let us now suppose the case of a landlord, whose land is let at 500 L. a year to a farmer, the chief produce of which is corn. About the time of the expiration of the lease, a tax takes place, bearing heavily on the middle and lower classes; the consequence of which is a diminution in the demand for bread: a diminution of course insues in the price of corn; the farmer is therefore unable to offer more than 400 L. a year, on the renewal of his lease. On the other hand a contractor or the

favourite of a sovereign enriched by the tax, desirous of having a spacious park, offers 600 L. a year for a long lease of this same land. The landlord will thus increase his pecuniary revenue, but the effective revenue of the state will be diminished by the whole of the difference of utility between the enjoyment of 500 L. worth of corn by the middle and lower classes and the enjoyment of a park by a purse proud upstart.

If this case be often repeated, the current price of farms, capable of being converted into parks, may rise in a country, without this rise in their pecuniary value being considered as an indication of an increase in the quantity of utility which they annually produce, in the sum of effective national revenue, that is to say, in the wealth of the state.

A too inequal distribution of pecuniary revenues produces the same effect. Things that are really useful fall in price, whilst frivolous things, on the contrary, rise in value. The production of the former is discouraged, that of the latter encouraged, the public wealth consequently suffers. Let us therefore banish the idea that the pecuniary value of things is an indication of their utility, or that the utility of things can be estimated by their pecuniary value.

CHAPTER IX.

Of Gold and Silver, of their different Kinds of utility and especially of their Value.

THE word *Gold* occurs so frequently whenever we are one the subject of wealth, and this metal, as well as silver, acts so prominent a part in every thing that concerns our private wealth, that it is necessary to consider this subject attentively in all its bearings.

These two metals have the advantage of possessing, in an eminent degree, the four kinds of utility belonging to things.

- 1st They may be useful directly as articles of consumption: this happens whenever they are manufactured into jewels and plate;
- 2nd They may be useful indirectly as means of production, considered as raw materials from which tools and instruments are manufactured;
- 3rd They may be useful as causes of production; the offer of a sum of money being one of the most powerful stimulants to

the production of every purchasable article ;

4th And lastly they may be useful by their cession as means of acquisition, either in the shape of money, or considered as merchandise : in this respect we consider them in regard to their value or power of acquisition.

For the sake of brevity, and in order not to repeat continually the words *Gold and Silver*, we wish it to be understood, that whatever we say of the former metal, in regard to wealth, shall be equally applicable to silver.

Gold, considered either as an article of consumption or as a means or cause of production, is subject to very little variation; but, in the shape of money, or considered solely as a means of acquisition, its utility in this, that is respect its value, is exceedingly variable, each variation either in the rise or fall of the price of any commodity, increases or diminishes its power of acquisition in regard to this commodity. Thus when wine rises in price, the value of gold, its utility as a means of acquisition, diminishes in respect to wine; for the cession of the same quantity of gold, will procure a less quantity of wine. If at the same time the price of oil should fall,

the value of gold, as a means of acquisition, would increase in regard to this article.

We see that it would be in vain to attempt to affix a determined value to gold, when we consider it as a means of acquisition, that is to say, as money, since its degree of utility in this respect, or its value, is variable every day, in every place and in respect to every commodity, and that it may increase in value in regard to one article, and at the same time diminish in value in regard to another.

When authors, who treat of wealth, speak of the value, or the power of acquisition, of gold, without designating this value in reference to any particular article, it is almost always understood, in their works, as referring to wheat, which is, at least in Europe, the commodity of the greatest consequence to a nation. Thus, when they say that the value of gold has diminished three fourths, since the discovery of the mines of America; they mean, that with the same weight of gold, we can only procure a fourth part of the weight of wheat, which we could procure before the discovery of America. But it appears that with regard to cotton and silk the value of gold has fallen very little, that is to say, that the same weight

quantity of silk and cotton as before the discovery of America.

When we speak of the value of any commodity, it is almost always understood to be in reference to gold; thus, when we say that one article has more value than another, we mean that the sale of one will procure a greater quantity of this metal than the sale of the other: or when we say that a thing increases or diminishes in value we understand that its sale would produce more gold in the first case than in the second.

Money owes its origin to the advantage of procuring with facility one thing by the cession of another.

In the early stages of society, when civilization had made but little progress, a hunter, who had more game than he could consume, being in want of clothes, bows and arrows, consented to part with some of his game to procure these articles; on the other hand, he, who had more bows and arrows than he had occasion for, but wanted food, consented willingly to make the sacrifice of that of which he had too much, to procure that, of which he stood in need. These two savages made known to

each other their respective wants , and by mutual consent ; each , by yielding that for which he had little occasion , obtained that which he wanted.

Among a people of shepherds , it was cattle (*Pecus*) that they most frequently offered in payment for what they wanted , cattle being the commodity in greatest request. But it often happened that the possessor of an article wanted , did not stand in immediate need of cattle and preferred receiving in payment a pledge equivalent to a promise to furnish cattle at his demand. Copper and silver appeared the most convenient pledges , both on account of the durability of these metals and of their aptness to receive an impression of the object promised viz cattle (*Pecus*). This was the origin of money (*Pecunia*). It frequently happened that the possessor of this promise of cattle , of that money which was the token of this promise , wanted something else besides cattle ; he soon discovered that , by parting with this pledge , he could procure other things , which he wanted. The new possessor of this money bearing the promise of cattle , followed in his turn , the example of his predecessor , so that this money circulated from hand to hand procuring for each person , that parted

with it, those things of which he stood in need; so that it frequently happened that the same piece of money, or promise of cattle, came back to the person who had first issued it, but paid in corn, oil and commodities different from cattle, of which it was solely the promise.

This custom having become general, people accustomed themselves to see in these pieces of copper and silver bearing an effigy, an easy and commodious method of obtaining almost every thing that they wanted: on the only condition of agreeing together respecting the number of the pieces to be given for the quantity of goods desired. The advantages of copper, silver and gold to serve as money are such, that these metals have been almost universally adopted for that purpose; so that, whether in Europe, China or America, the owner of an ingot of silver or gold, may be almost sure to obtain what he wants, by parting with his ingot, which may very easily be coined into the money of the country.

This property, which the precious metals possess of procuring with an extreme facility, all those different things which are of them-

selves useful to us, has, in almost every country and at almost every period, made people confound the possession of these metals with the possession of things useful in themselves: but this confusion, which is of minor importance in estimating individual wealth, produces very serious inconvenience in whatever has a reference to the wealth of states. We should always bear in mind that money is nothing more than the promise of purchasable articles, than the means of buying them, or a medium that facilitates extremely their transfer from hand to hand, but it can never supply the place of those things that are directly and immediately useful of themselves, the consumption or enjoyment of which satisfies our wants or desires and the privation of which constitutes poverty.

The same circumstance, which caused a promise of one purchasable article to serve, by its circulation, as a means of acquisition of several others without this promise ever having been acquitted in kind by the article promised, the same circumstance, I say, has also caused a promise of money to circulate from hand to hand during a considerable length of time, rendering the same service as money itself without ever having been acquitted in

money ; this happens when bank-bills , in consequence of being nearly worn out are annulled and replaced by new ones.

We must, however , acknowledge one very important advantage , that money and its representatives , possess.

Although money be only a promise of different purchasable articles, this promise is so easily realised at our will and pleasure by consenting to transfer it to those who possess the things that we desire, that when a person gives in payment a certain sum of money, it is almost the same thing as if he gave us those things which we want , if the price of them did not exceed the sum received. We can conceive how such an advantage must stimulate the production of every thing , for which a payment in money is offered. The offer of a thing , that is useful in itself, would not tempt us so much ; for we should only possess one sort of utility, and frequently in greater abundance than we might have occasion for, whilst a sum of money, which is not of itself of immediate use to us, has the immense advantage of enabling us , by its cession, to procure when we please , and as much as of it we please, any purchasable article that suits us.

Money should not therefore be considered, as it has been by many authors, in the same light as all other kinds of commodities ; for it is the most powerful stimulant of production , by the property which it possesses , of inciting to the production of every thing for which a sum of money may be offered. Unfortunately this stimulant, which should always be an excitement to produce that which is most useful to states , is , but too frequently , employed , according to the hands through which it passes , in encouraging the production of frivolities , as certain objects of luxury , or , what is still worse , in serving to destroy things of the greatest utility , as by paying undisciplined armies to overrun inoffensive states.

Merchandise , that is to say , those things which are considered , not in reference to the utility which they possess by their immediate use , but in reference to the utility which they may possess by their cession either for money or for other merchandise ; merchandise , we repeat , is only the promise of purchasable articles , but more indirect than money , since to procure what we desire , we are almost always obliged to dispose of our merchandise for money , by the cession again of which ,

we acquire the thing that really we wish to possess.

Although money and merchandise may both belong to the class of the means of acquisition, or promises of purchasable articles, and are of the same utility as such, we ought to acknowledge that money, and promises of money which serve the same purpose as money, possess two properties which render them of the utmost importance in regard to the wealth of nations. The first is to serve as a medium which facilitates extremely the transfer of purchasable articles: the second is of being the most powerful stimulant to the production of all sorts of commodities. Thus money, besides its value, that is to say, its utility as means of acquisition, possesses also another sort of utility, that of being an active and efficient cause of production, a quality which ranks money in a class different from that of most other things considered as means of acquisition.

Every body justly considers paper money as possessing value still more variable and more uncertain than gold. As long as this paper continues to enable us to procure what we desire, it possesses a value proportioned

which such or such a sum can procure, which makes us generally confound the sum of money with the utility of the things or things, which the cession of this sum might procure. Thus, for instance, though the sum of 100 L. let us suppose, cannot of itself be immediately useful to us, yet by its cession we can procure, with the utmost facility, a considerable mass of things immediately useful of themselves, this sum represents to us at once that mass of useful things, according to the price of the different articles that this sum would enable us to procure. We even may, in many cases, advantageously employ that representative property of a sum of money to indicate, approximatively, a certain quantity of such or such a sort of purchasable things. Thus for instance, when we say that such a one's furniture is worth 400 L. we only mean to say that his furniture is considerable, because we have, by this means, an adequate idea of the importance of it; for, as we know by approximation the price of the objects the furniture consists of, we may thus form an idea of the furniture itself purchased for four hundred pounds.

The same sum may present to us in one case, a large, and in another, a small amount of effective utility.

If we give a sum of 50 L. to a family, whose annual income, procured by their industry, does not exceed 60 L.; this gift of 50 L. will appear considerable, and it will be so in fact, for this sum, by its cession, will procure for the family in question, a considerable number of important benefits, of which they were before deprived.

But if this sum of 50 L. be given by a sovereign to a person possessing 50,000 L. a year; this gift would not only appear unimportant but even ridiculous, for, by its cession, the person who received it, would only be able to procure some insignificant superfluities.

Thus any definite sum of money whatever cannot have either a determined intrinsic value, or represent a particular sum of effective utility, but it can only be a vague indication of its capability to acquire a certain mass of commodities, according to their current price, but possessing a quantity of utility entirely undetermined.

As we have before remarked, a sum of money may sufficiently indicate, in many cases, a certain quantity of such or such kind. of

things by a species of calculation, which we make unconsciously, of the quantity of that sort of things, which the sum in question might procure, according to the usual price of the things of which we may be thinking: thus we may form a pretty just notion of the extent of an estate, in any particular part of England, when we say that it is an estate worth 50,000 L.; that is having cost, or might sell for 50,000 L., because we know approximatively the price of an acre of land in that part of the country where the estate is situated, and thus we are able, in a general way, to judge of the extent of the estate in question.

But the sum of 50,000 L. would give but a vague idea of the extent of an estate in the United States of America, because the price of land in that country varies exceedingly according to its greater or less distance from certain towns or navigable rivers; so that this same sum of 50,000 L. might indicate an estate of ten times greater extent than another, according to their respective situations.

It is for this reason, that, as often as a sum of money is mentioned, we are not to attribute to it a definite value, but to consider

it solely as an indefinite indication of a certain mass of purchaseable articles of a greater or less degree of effective utility. If, for instance, we should say that such a branch of external commerce procures for a country an annual profit of 100,000 L. This sum ought solely to represent the amount of utility; which this commerce procures, over and above the amount of useful articles which this country annually exports. Thus if a state, Poland, for example, in consequence of defective institutions, should export annually articles of the greatest utility, wheat and wool, for instance, to the value of 1,000,000, and should receive in return such frivolities as jewels, costly furniture, embroidered silks etc. to the amount of 1,100,000; we ought not to say Poland is enriched by the sum of 100,000 L. annually; for the wealth of a state is represented by the sum of utility of those things, that are directly useful of themselves, which this state has annually at its disposal. We see that this commerce impoverishes rather than enriches Poland, because a greater mass of useful articles would have been exported than imported.

Though gold and silver are the mediums, more generally employed in commercial trans-

actions, there are, however, some countries, where other substances are employed as money. Shells, called cowries, serve for money in some parts of the coast of Africa. In some parts of America, the shells of cocoa nuts are used as money and so are almonds, in some districts in the East Indies. A greenish stone, called aigris, without any lustre, hard; but not susceptible of polish, serves for money on the coast of Guinea and is more valuable as a mean of acquisition, than its weight in gold.

All these examples prove that the value of all kinds of money, that is to say, of severy thing, considered as means of acquisition by its cession, whatever may be its substance, not even excepting that made from gold and silver, is purely conventional and indefinite.

In consequence of what we have said of the different kinds of utility which gold possesses, and in order to avoid all confusion in our ideas on this subject, we should by no means designate them all, by the single term *value*. It is proper to confine this word to that kind of utility which gold possesses more particularly, viz that of being a means of acquisition.

CHAPTER X.

Of the different means of obtaining useful things.

A useful thing may be obtained in four different ways.

- 1st By the employment of the means of production ;
- 2^{dly} By the cession of other things ;
- 3^{dly} By gift ;
- 4^{thly} By violence.

We shall see that a sack of potatoes, for instance, may be obtained by these four different means.

1st Means. The labourer, who had planted some potatoes in his garden and had, in due time, gathered a sack of the produce, obtained it by the first means, that is to say, by the employment of the different means of production which are :

1st The seed or the raw material;

2^{dly} His spade and other instruments of production ;

3^{dly} The active force of nature and his own ;

4^{thly} His intelligence which directed this force.

2^d Means. A purchaser gives a crown piece to obtain this sack of potatoes: the purchaser and seller have obtained one thing by the cession of another ; one , a crown piece by the cession of a sack of potatoes , and the other, a sack of potatoes by the cession of a crown piece ; this is the means of acquisition by the cession of other things.

3^d Means. A charitable person seeing a family in distress and without food , sends them a sack of potatoes ; this family have acquired the sack of potatoes by gift.

4th Means. A marauding soldier enters the peasant's cottage and takes his sack of potatoes without paying for it. This is the acquisition by violence.

We see then that the same useful article
may

may be obtained by the four different means, that we have just pointed out.

It is of importance to examine these four different means of obtaining things, in reference to individual, as well as to public wealth.

Let us examine first the two last means of acquiring things, viz by gift and by violence.

The gift may be considered a nullity in respect to nations; history does not furnish any example of it, of any importance.

In regard to individuals, there are so few instances of a gratuitous gift of any magnitude from one living person to another, that this can scarcely be considered a source of wealth. The great mass of gifts only takes place, when we cannot any longer keep what we are determined to give; this happens in the case of testamentary dispositions, and even these gifts are generally confined to the line of succession.

The uncontrolled disposal by will of what we possess, which is a kind of extension of the right of property even after death, is very favourable to the increase of wealth. In despotic states, where the sovereign is the

legal heir of all his subjects, people generally have very little at their death; this very much discourages the increase of private wealth, and consequently, is very injurious to that of the state.

A present from a sovereign to a subject is so much the more unfavourable to public wealth, as the gift itself is generally excessive; the riches therefore of this favourite have their source in the diminution of the wealth of several other individuals, who are dispossessed, by the taxes, of a portion of their revenue lawfully and painfully acquired. It is acknowledged that the security of property is the most powerful encouragement to the production of wealth.

The means of obtaining things by violence are strictly forbidden by the laws of every country, when it regards individuals, and is called *Robbery*. We must however except Turkey, where the violent exactions exercised by the pacha, are legal and called *Avanies* or arbitrary taxes.

Robbery, spoliation or any illegal tax is very injurious to individual, as well as to public wealth, for the reasons which we

have just assigned. The benefit, which the robber has gained, is far from compensating the injury which the person robbed, in particular, and the state, in general, have sustained, as it has been asserted by a french author (*).

Between nations, violence to obtain things has been often employed; people seemed disposed to give to this manner of obtaining things, an appearance of legality, by decorating it with the name of the right of conquest. For our part, we do not see more lawfulness in this case than in that of the robber, who plunders us. In former times, people fancied that pillage and conquest were the only means that a nation could employ, to become rich and powerful: but in modern times, the discovery has been made, that it is more to the advantage of nations to produce wealth themselves, than to extort by violence that which was produced by other nations. A commercial nation, far from wresting any thing from its neighbours, furnishes them, on the contrary, with useful products, and thus obtains this same tribute, by only employing the activity of its agriculturists and manufacturers, instead of obtaining it by expensive and bloody wars.

(*) St. CHAMANS, page 160.

It now only remains for us to examine the two other means of acquiring useful things viz the employment of the means of production, and the cession of one thing to procure another.

We shall remark; in the first place, that the only method of obtaining useful things, originally, is by employing the means of production. The origin of every useful article proceeds from the action of the physical and intellectual force of man, operating in conjunction with nature, upon a raw material. This manner of obtaining articles of utility, always therefore precedes that which consists in obtaining them by the cession of other things.

We will observe in the next place that the first of these means, viz the employment of the means of production, is almost the only one, that nations can make use of, whilst, on the contrary, the second is generally employed by individuals.

In fact the greater part of the useful articles, consumed by a nation, were produced in its bosom, without this nation having been obliged to cede any thing to other nations, and even for the small portion of useful commodities that it imports from other coun-

tries, it can only procure them by a cession of articles, the produce of its own soil or industry; so that definitively, in every case, the employment of its means of production is the only way to procure articles of utility of which a nation may permanently avail itself. It is quite otherwise in regard to individuals. In the first place there exists a numerous class of idlers, at least in respect to production, that is, who do not cooperate by themselves, in any way, to the production of useful things. Agricultural produce is solely the fruit of the spontaneous action of the earth, and of the labour of the farmer and his servants. The idle landlord did not of himself contribute to this production. The rent received by the landlord, is a share of the production, to which he did not in any wise contribute; nor has he any other right to this share, than that arising from a purchase, which he or his ancestors may have made of this property by the means of a cession of a sum of money, or of some other useful thing.

With respect to individuals who do not possess any revenues arising from landed property, but only those produced by the exertion of their own industry, it seldom happens, in our modern societies, that each of those who

compose this class, produces himself those things only which he consumes. Generally speaking, each person devotes himself to the production of a particular sort of thing, of which he only keeps a very small portion, and sometimes none at all, for his own consumption. In most cases, he disposes of the article, to the production of which he has contributed either by his manual labour or his intelligence, for money, that he may afterwards, by its cession, procure the different things, of which he stands in need.

The human mind takes a pleasure in bringing with in the scope of a few laws, the multitude of different facts which it observes, because it is the most effectual method of fixing these facts in our memory, of comparing them together and of drawing from them useful inferences. This disposition of the mind is the origin of all the sciences; but it should be regulated by our judgment, otherwise, far from being our guide in the right path, it would lead us astray. This has happened to those, who, observing that it was, by the cession of one thing that almost every one obtained another which he preferred, have seen nothing but exchanges; that is to say, they have seen no other means of obtaining things,

than by the cession of other things. This system, which was brought into vogue by ADAM SMITH, is perhaps applicable to whatever relates to the increase of the wealth of traders or to that of a nation, considered as a trading nation; but this system is quite erroneous as far as it respects the increase of the wealth of nations considered in a general point of view. A few examples will suffice to demonstrate this.

Without having recourse to hypothesis, which are frequently strained, let us examine the facts that pass under our eyes.

We see in the interior of North America, nations spring up, increase and become rich. In the first place, some colonists clear a portion of land, erect their habitations, plant and sow what is necessary for their food and clothing. Their families increase: they increase the means of providing for them, by extending their fields, by adding to the number of their buildings, and by increasing their flocks and herds, which supply them both with food and clothing. By degrees, the little colony extends itself and increases rapidly the mass of its means of production and of its articles of consumption, solely by the em-

ployment of the productive forces of man and of nature, without its being necessary to yield any of its products to acquire other things, to satisfy the wants of these colonists. In fine, by gradations easily conceivable, the little colony becomes a state, and enters into the confederacy of the North American Union.

At this period, external commerce affords this new state an opportunity of obtaining foreign produce by the cession of its own; but however still the greater part of the things of the first utility, which this state annually produces and consumes, is supplied by the employment of its different means of production and not by a cession to other nations of those commodities, which it possesses.

China, this empire so remarkable for its immense population, and consequently for its immense wealth which serves to satisfy the wants, the conveniences and the luxuries of life of this same population, China, I say, considers its external commerce, as an object of minor importance. The most trifling difficulty, that arises between an European nation and the government of the celestial empire, is sufficient to interrupt all commercial relations between the two countries.

China

China has therefore acquired its present wealth, by the sole employment of its own means of production and without ever, having scarcely yielded any thing, that it possessed.

We therefore see that the manner of obtaining things by the cession of other things, which is principally employed by individuals, is, on the contrary, very seldom employed by nations, compared with the quantity of things, which they procure by the employment of their various means of production.

The fancies of many writers, who have shut their eyes on every other means of obtaining the objects of our desires, than by the cession of some other objects, have led them to interpret the most simple facts, in rather a whimsical manner.

One savage, to obtain some game from another savage, gives him a hatchet. The mercantile economists say that there has been an exchange between the two contracting parties, that is to say, that each of them has made a cession of one article to obtain another, this is true: but if, by the contrivance of an ingenious snare, the animal itself should fall into the hands of the savage, what say the

partisans of exchange and of exchangeable value? They say that there was an exchange between the snare and the animal, and if the snare had entrapped a number of animals, they say that a fraction of the snare has been exchanged for each of the animals. This reasoning appears, at first sight, rather plausible. It is however easy to see that there has been no question of exchange in this last case. There cannot exist any exchange unless where two articles are reciprocally given and received, as in the case cited of the hatchet and the game. In the second case, we see clearly that the animal has become the property of him who laid the snare, but no one is become a new owner of the snare. It will be said, perhaps that the snare wearing out each time, that an animal was taken, it is supposed that each animal has been acquired by the cession of a portion of the snare. We consent to admit this proposition, but will always maintain that it is impossible to perceive a real exchange in the case in question; and that if the snare was deteriorated each time, that an animal was caught in it, the snare cannot be received in exchange by any one not even by personifying nature, and considering it as having furnished the game.

• A savage perceives a banana, takes it and

eats it. It would really be torturing the meaning of words to see in this action an exchange, as the mercantile economists pretend. This savage in climbing up into the banana tree and taking away the fruit, only made use of his force and address to procure it, but neither nature, nor any person received any thing from him in exchange.

It is for want of having observed this essential difference between the two modes of obtaining useful things, the employment of the means of production, and the cession of useful things, that persons differ so much on the question, whether it is most advantageous for a nation always to purchase its articles of consumption at the lowest price, even though it would be necessary to purchase them in foreign countries. Many authors have maintained the affirmative. We should however imagine that, except those products, which nature has so bountifully bestowed on certain soils and with which she has favoured certain climates, and which she has refused to others, as sugar and cotton with respect to America and Europe, and wine with respect to France and England, it is advantageous for a nation to procure, from its soil and by its industry, those articles that serve for its consumption, even

though this circumstance should render their price in money more elevated. We shall enter more fully into this subject, when we treat of external commerce. (*).

(*) In some of the preceding chapters we have animadverted rather severely upon some of the opinions of the celebrated ADAM SMITH, especially on that, in which he maintains, that every thing, which composes the wealth of a state, only contributes to that wealth, in proportion to its exchangeable value; an opinion, that appears to us a fundamental error, since in reality, these things only contribute to this wealth, in proportion to their degree of utility. Yet when we reflect on the time when this celebrated author wrote, that is when the science of wealth was in its infancy; on the errors, which he extirpated; on the difficulties, that he had to contend with in eradicating deeply rooted prejudices, and on the immense progress, which this science has made, since the publication of his work, we cannot but acknowledge that he was one of the greatest geniuses of the 18th century.

CHAPTER XI.

Of the different sorts of capitals.

GENERALLY speaking every means of acquiring a revenue is capital; but the most powerful, as well, as the most general of all the means of acquiring a revenue for individuals being money, we generally represent to ourselves any capital by a greater or less sum of money; and in fact a sum of money is generally the best criterion by which we can judge of the effective and pecuniary revenue of him; to whom the sum in question belongs. We must, however, observe that the importance of the capital is not in proportion to the importance of the sum of money that we possess, but only in proportion to the importance of the revenue, that this sum of money will produce. If the current rate of interest be higher in one state than in another, the same sum of money represents a larger effective capital in the former than in the latter, provided the articles of consumption be at the same price in both countries. If every article of expense

be dearer in one particular country than in another, the same capital in money, although furnishing the same pecuniary revenue, will not be so considerable an effective capital in the first country as in the last, since the effective revenue, or the mass of articles of consumption, which this revenue can procure, will be less in the first of these countries, than in the second.

In consequence of the prevailing opinion that capital consists of any sum or sums of money that we may possess, we call capitalists those persons, who have large sums of money at their disposal: we say that a person vests his capital, when he employs his money in purchasing land or houses, puts it in the public funds, or lends it on mortgages. We say also that a person employs his capital, when he places his money in any manufacturing establishment, commercial enterprise, etc.

We say, lastly that a person realizes his capital when he converts his merchandise etc. into cash. All these expressions might lead us to believe that capital consists of nothing but sums of money and that capital and a sum of money were synonymous terms. We may, however, convince ourselves of the contrary.

By the word *Capital* we should always understand any means whatever of procuring a revenue. When a person spends a sum of money that yielded a revenue, we say that he dissipates his capital. When a sum of money remains unemployed, and consequently yielding no revenue, it is considered as dead capital, that is to say, as not existing, during the whole of the time that it does not furnish a revenue. We may therefore say that the essence of capital, that which constitutes its nature of being capital, is to furnish either an effective or a pecuniary revenue. In calling to our recollection, that the effective revenue of a nation, as well as that of an individual, consists of that mass of things capable of satisfying our various wants, which they have annually at their immediate disposal; we shall see that the capital of a nation is solely the mass of the means and of the causes of production, which that nation possesses: for it is this mass only, as we before observed, that supplies it with that mass of things capable of satisfying the different wants of its inhabitants, and which mass of things they have annually at their immediate disposal. Individual pecuniary capitals and revenues only regulate the share in the effective revenue of the state, which each individual has annually at his disposal.

Money and promises of money, that circulate in a state, like the galvanic fluid, excite or determine such or such a sort of production; but it is necessary that the means of production should exist, or that their creation should be encouraged, that the production may take place; in order to supply the national effective revenue.

This explains why the pecuniary capitals, that certain governments endeavour to attract into their states, do not remain there. If these states contain but a thinly scattered population, and if this population consists chiefly of serfs; if there be a want of good roads and canals; if onerous duties impede the free circulation of merchandise, and if those who establish manufactures, are not effectually protected, it is not surprising that pecuniary capital should fly from this country towards those regions, where the means of production exist in abundance and only wait the arrival of pecuniary capital to vivify and set them in motion.

There is an error, into which some authors have fallen, in imagining that a pecuniary capital produces necessarily something of itself, a revenue, which they call rent, or the profit of capital, and that an increase in the pecuniary capital.

capital, brings with it necessarily a proportionable increase in the effective national revenue. Money is effectually a great cause of production, since it is the most active stimulant of the means of production, but the dread, which a bad government inspires, and the obstacles, arising from defective institutions, may paralyse its action and prevent the good effects that a free circulation of pecuniary capital would produce; a circulation, which constitutes the sole merit of this kind of capital and which alone causes it to produce a revenue either public or private.

Money is merely a title, that gives its possessor a claim to any purchasable article, the power of which is arbitrary and conventional. This power varies every day in every place and for every commodity. Certain fruits certain shells, a piece of paper bearing a certain impression, may be a title exactly similar in certain countries. Gold and silver have no other advantage over the last mentioned kind of money, except that they are current in almost every country; so that when their value, or power of acquisition, diminishes too much in one state, they preserve that value or power in other states; whereas paper money, that is no longer current in the state where it was

issued, has no longer any value any where. This is the only reason why gold and silver money is preferred, and justly too, to paper money; but the effects produced by the one and the other are the same, as long as we have the security that the paper possesses the power of purchasing the same quantity of articles, as the sum of money which it indicates; but this security can only exist in those states, in which, by the force of their political and moral institutions, their punctuality in fulfilling their engagements may be securely relied on.

This similarity which exists between promises of money of undoubted credit and the sums of money which they purpose to represent, this similarity, I say, proves what an immense source of wealth may spring from the extent of credit either of individuals or companies who employ this credit for putting in motion the different means of production that a nation possesses, so as to increase at the same time the pecuniary revenue of individuals and the effective revenue of the state.

We do not hesitate to affirm that it is to this immense increase of capital in credit of individuals and companies, that England owes the greatest part of its increase of wealth. In

states, where, owing to the defective state of the existing institutions, credit is circumscribed by such narrow bounds, that the capital only consists of the metallic currency, instead of consisting, as in England, of an immense quantity of commercial and bank bills payable at sight and after date; in such states, I say, this capital being less by nine tenths, it ought to follow that the production of wealth, both public and private, is proportionably diminished by this very cause.

Any capital whatever may be ranged in one or the other of these three great classes.

1st Immovable capital, such as lands, houses etc.

2nd Moveable capital, such as merchandise, tools, money etc.

3rd Immaterial capital, such as physical force, intellectual capacity, skill in the arts and sciences, commercial credit etc.

We may here remark, that the best secured revenues are those which spring from capital of the first class, that is to say, immovable, or land capital; and that capital of the third class, that is immaterial capital, sup-

plies the most precarious and least permanent revenue.

A good estate and a good substantial building may yield the same revenue during several centuries, whereas a simple illness may deprive, during a whole year, an artist, an advocate, an artisan etc. of the revenue, which their talents supply. Another advantage which immovable and moveable capitals possess over immaterial capital, is that they may be disposed of by sale, whilst few immaterial capitals can be transferred in the same way. A physician or an author cannot sell his science or talent, which supplies him with a revenue; a tradesman, or an innkeeper may, however, dispose of what is termed the good will of his shop or inn, according to the number of customers, that each may have.

Thus as it has been justly remarked, you deprive a poor man of his only capital, if, by vexatious restrictions, you prevent him from devoting himself to such or such an employment, from which he might derive a revenue capable of supporting his family.

We are not to take it for granted, because a capital, whether immovable or immaterial sup-

plies its possessor with a certain pecuniary revenue, that this capital supplies an equal effective revenue to the state. This capital may be more or less advantageously employed by the person, to whom it belongs. A well cultivated farm may be converted into a park of mere luxury. Spacious gravel walks, useless shrubberies and artificial cascades may supply the place of corn, flax and vineyards. Useful flocks and herds may be replaced by deer, wild boars etc. The owner of this land may derive the same revenue from it by letting it to a rich nobleman, as to an industrious farmer, but the sum of utility annually produced, will be considerably less; there will consequently be a proportional defalcation in the effective revenue of the state. If the land in question is purchased instead of being let, the defalcation in the revenue will still take place, because this land capital will be less productively employed than before.

When industrious peasants are transformed into soldiers, who carry devastation into the countries which they overrun, the immaterial capital of these men, that is their force and skill, supplies them, perhaps, with the same pecuniary revenue, but this capital being employed in destroying instead of producing, there

is a diminution in the effective revenue, both in the country deprived of its labourers, and in that, ravaged by the soldiers.

Thus it is not so much the importance, or the nature of the national capital, as its employment, that regulates the importance of the effective revenue of the state, or its real wealth.

Those persons have not been fully sensible of this truth, who ascribe to capital an inherent productive quality, and which gives birth to what they call rent or the profit of capital. A capital only yields profit according to the employment that is made of it. If it is not employed in a useful production, it does not, in the least, contribute to the effective revenue of the state, even though it furnish an individual pecuniary revenue to him, who possesses it.

CHAPTER XII.

Of Population, and of its connexion with Wealth.

A numerous population in easy circumstances is, at the same time, the end and the means of wealth.

An opinion very generally prevails, which is nevertheless erroneous, that if the population of a state should increase, the wealth of each inhabitant of that state would be diminished. Those, who argue thus, draw their conclusions from the comparison which they make between a state and a family, and they say, when a family becomes more numerous, each of its members becomes less rich, and that the same ought to hold good in regard to a nation.

This comparison is not just. We should not compare a family, which enjoys a certain fixed revenue, and which does nothing to increase that revenue, with the great family of the state,

the whole revenue of which consists in the sum of utilities, of various kinds, which is annually produced by the laborious members of that state.

Certainly, if in a state its idle or unemployed population should increase, the number of poor would increase also, because, the sum of utility remaining the same, it would follow that what was consumed by the idle, would be so much taken from the consumption of the laborious; but if the laborious part of the population increased, the case would be different, each furnishing his contingent to the amount of utility annually produced, each would be able to have his share, without depriving another of his. By disposing of the useful articles, which he has himself produced, or a portion of those, to the production of which he has contributed, in order to purchase the different kinds of useful articles produced by others, each individual will find himself supplied with different sorts of things capable of satisfying his wants or various desires, although he may be employed in producing only one sort of these things.

We often hear it asserted that there is a superabundance of commodities, that there are too

too many producers and that to put a stop to the evil, we should endeavour to diminish the number of producers, or change them into unproductive consumers. This would be precisely aggravating, instead of diminishing the evil.

There would never be too much of any merchandise, if we gave it away, for then all the world would present themselves as consumers; but if we will not give it gratis, but require to be paid for it, it is then that the number of consumers diminishes. It is not, in reality consumers, that are wanting, but payers.

It is generally money that is demanded in payment, for merchandise, or for any purchasable article, but money is never otherwise considered than as an intermedial payment; the real payment which we desire to receive, is a useful article of some sort or other, as a means of production, or as an article of consumption.

A shoe-maker it is true, asks 10 shillings for a pair of shoes: but it is so much leather to work with, so much bread for his family etc. that he wishes in fact to receive in payment; so that if he received in payment for

the shoes, an order on different persons, to furnish him with the same quantity of these various articles, as the pieces of money would procure for him, he would be satisfied.

It is the same with every person, who sells any thing; he only considers money as a transitory payment: the real payment is, such or such a thing at our choice.

We should never want money to buy any thing, if we could furnish the person, who wishes to sell, with those things, which he wants to buy with our money, for sooner or later he desires to purchase something with this money. Money is nothing but an order to deliver to the bearer a certain quantity of such or such a purchasable article, an order, which passes from hand to hand, without any person's wishing to keep it, except indeed that class of fools called misers. He, who only contributes to the production of one sort of utility, cannot offer in payment the different sorts of useful things that are necessary for the vendor, he then disposes of the useful article which he has produced, for money, and gives this money (this order to deliver to the bearer different kinds of useful things) in payment: but that this order may be avai-

lable and that you may receive, in exchange for it, some kind of useful thing, this useful thing must be produced by the laborious, and it is not by diminishing the number of producers, that we can increase the mass of useful things which are those that we desire definitively, and not money, which is only considered as a transitory possession. There must therefore be an increase in the number of producers that there may be an increase in the number of consumers, who could make a real payment in things that are useful, the only payment desired.

Besides, how can we increase the number of idle consumers, that is of those who obtain a pecuniary revenue, without producing any thing useful? We cannot increase the landed property, then it is only by taxes or donations that the pecuniary revenues of the unproductive part of the community, such as monks and sinecurists, can be supplied; in that case, the money, that falls into the hands of these drones of society, is so much taken from the pecuniary revenues of those who pay the taxes or make donations, and in that case there would be no increase in the number of consumers, that is of those who are in a condition to make a payment, the only dif-

ference will be , that the payment , which might have been made by one , will be made by the other.

Facts confirm the justness of this reasoning.

In every country , where , from various causes , the unproductive classes have replaced the industrious or productive classes , the number of consumers , or the population , have , at the same time , diminished. In Turkey and Barbary , the military class of Turks and Arabs having replaced a large portion of the laborious population of Greece , Asia Minor and the northern coasts of Africa , the number of consumers and the whole wealth of these countries have considerably diminished. Since the reign of Philip II the immense wealth of the Spanish clergy created a numerous unproductive class , and consequently diminished the number of the productive , this circumstance has been one of the principal causes of the diminished population and poverty of Spain. Since the same period a circumstance quite the reverse transformed the Dutch into an industrious race of people , the population and wealth of Holland have therefore considerably increased. These facts are therefore in direct opposition to the opinions of those persons who pretend , as we

observed at the commencement of this chapter, that to remedy the want of wealth in a state, we ought to endeavour to reduce the number of producers and increase that of idle consumers; but it is by means quite the contrary, that we can attain the end which we propose.

The same truth may be demonstrated in a different way. The wealth of a nation is not a limited fortune like that of a family, which has served as a comparison to those, whose opinions we refute. This national wealth is in proportion to the *effective* revenue of the state: now by a suitable distribution of labour necessary to the production of different useful things, each individual may produce far beyond what is sufficient for his own consumption in food, clothing etc. since, notwithstanding the immense number of idle persons that are to be found in almost every nation, every one may supply himself with those things which satisfy not only his most essential wants, but also those of the second and third classes, or in other words, with the necessities, the conveniences and luxuries of life. As long therefore as an acre of land on any part of the globe remains uncultivated, or may be rendered more productive by better cultivation,

we ought not to be allowed to say that population should be restrained any where, for commerce makes but one country of the whole universe. The most populous countries are still far from having attained that degree of population, at which they might and ought to arrive.

The whole question lies entirely in whatever is favourable or injurious to the active and well regulated employment of the different means of production, which states actually do, or may possess, and in the distribution of this produce among the producers. Countries, which can abundantly supply whatever supports a numerous population, a population, which they effectually supplied formerly are actually unpeopled and miserable, in consequence of the causes which, in these countries, are opposed to the proper employment of their different means of production and to the equitable distribution of the produce obtained.

It is by no means the want of the means of subsistence, that limits the population of states, as some authors have advanced, since countries, such as Poland and Barbary, which furnish in abundance the finest corn, have a very limited population. The great disproportion

tion of fortunes in one of these states, and the want of security for persons and property in the other, are the real causes of their thinly scattered population and misery.

If, in consequence of the too unequal distribution of pecuniary revenues, the unproductive class is supplied with different things capable of satisfying the various wants of man, by giving very little in payment to those who produced them by their labour, both the production and the population will, at the same time, be discouraged. But, say our opponents, do not the rich landlords, fund holders, and capitalists of every description, pay in money for things with which they are supplied by the laborious classes? Granted, but we will ask in our turn, whence comes the money of these landlords, fund holders, and capitalists? It comes from the taxes, rent, interest etc. which are paid directly or indirectly by these same industrious classes. The money, which is given in payment for articles of consumption, by the rich and unproductive classes to the laborious and productive classes, was really furnished in the first instance by the last to the first class, by the payment of taxes, rent, interest etc. so that, in fact, both the money and the articles

of consumption are furnished to the unproductive class for almost nothing, in those countries where rent and taxes are excessively high, as in Ireland, where the farmer, to pay his rent to his landlord who lives in England, is obliged to sell the whole annual produce of his fields, the whole increase of his cattle and all the fleeces of his flocks. He only reserves his crop of potatoes, some milk and a little flax, in order that he may have a scanty supply of food and clothing for himself and his wretched family, and it is with the same money given by the farmer, that the landlord purchases this same corn, cattle and wool, with which he and his numerous valets are clothed and fed. In the first place the money comes to the farmer in the next place both the money and the commodities go to the landlord, and to sum up the whole, the idle proprietor has almost all, and the laborious farmer little or nothing. No wonder that the population of Ireland are poor and wretched. Though this country, comparatively speaking, may be reckoned populous, yet, were it not for the defects inherent in its institutions and customs, it might be still more populous and much happier. In the United States, where those who cultivate the land, pay little or no rent, where the industrious
classes

classes pay few taxes, the population, as might be expected, increases rapidly and is, for the most part, in easy circumstances.

It is, not only those who work with their hands, that form the laborious class, but all those who contribute of themselves, in any way whatever, to the production of whatever is useful to man, though in a way purely intellectual. By the denomination of industrious classes, we are not to understand the working classes only, but we should also range in these classes, sovereigns and their ministers, who, by their labour, promote the good of the state, the military, who insure the public tranquillity; learned men and writers, who enlighten and instruct mankind; these certainly cannot be ranged in the unproductive classes. The persons, who ought really to be called idle, are those who, neither by their physical or intellectual faculties, contribute to the production of any one useful thing.

A numerous population is not only a cause and the means of considerable production and consequently of wealth, but is even the necessary condition of great national wealth.

We should call to mind that the wealth of

a nation is measured by its effective revenue, and that this revenue is composed of the mass of different useful articles of consumption, which this nation has annually at its disposal: we have also seen that the degree of utility of different articles of consumption, is measured by the inconvenience that would result from the privation of those articles. Now, let us suppose a family in middling circumstances, possessing an income of only 80 L. a year, it is clear that the sum of utility, that this family would derive from the addition of 80 L. to its revenue, would be much greater, than if the sum of 80 L. were added to the revenue of a family possessing 800 L. a year, because a greater number of more important wants would be satisfied in the former case than in the latter. The want of food and clothing is a more important want for a family, than the want of a theatrical representation, for greater inconvenience would arise from the privation of that which serves to satisfy one of these wants than the other. Now there is a limit to the quantity of important wants. One family cannot have as many important wants as two, nor two, as ten. Now, let us suppose that the supposition of a state increases, in one case, by a family possessing an income of 5000 L. a year, and in another case, by ten families possessing each 500 a year; we

may venture to affirm that, though the increase in the pecuniary revenues in both cases would be the same, the increase in the population will have been the cause of an increase in the wealth of the state, because the sum of utility, which the ten revenues of 500 L. of the families would produce, would be greater than that produced by the single revenue of 5000 L. possessed by one family only.

Upon this principle, we may perceive that, with an equality of pecuniary revenues in a state, there may be a diminution of wealth, if there is a diminution of population; and with an equality of population and of the total pecuniary revenue, there may be a diminution in the total wealth of the state, in case of too great a disproportion in the distribution of pecuniary revenues.

If the whole population of the earth were reduced to one family, notwithstanding it possessed all the land and all the treasures of the globe, it would be a miserable family.

What then becomes of the system of that author (*), who is always afraid of an increase

(*) MALTHUS.

of population, who considers small pax, plagues, wars and famine, as suitable and proper to maintain a just proportion between the population and the means of subsistence, who blames the assistance afforded to foundlings and indigent workmen, who thinks the wages of labourers too high because their families not perishing through starvation, the population composed of labourers would become superabundant; without examining the odiousness of this doctrine in a moral point of view, we may affirm that it is entirely erroneous in regard to the science that we are treating of as connected with public and private wealth.

CHAPTER XIII.

Of private Interest as connected with public wealth.

WE beg to remind the reader that wealth is measured by the extent of the revenue and that the revenue is greater or less, according to the power we possess of procuring annually a greater or less mass of things capable of satisfying our various wants and desires.

According to this definition, it is easy to see that the wealth of a nation, that is to say the greatness of its revenue, is measured by the amount of its annual production of things serving to satisfy our different wants and desires: for generally speaking, this nation cannot have annually the use or enjoyment of these things, unless by producing them annually.

But the case is different in regard to each individual considered in particular; the mass

of things which do or may come annually into his possession, is not measured by the annual production of those things to which this individual has contributed, but almost solely to is pecuniary revenue. Such or such a person, belonging to the unproductive class, has the yearly enjoyment of a multitude of things, the most insignificant of which he has not produced himself, whilst an industrious man, a labourer for instance, can scarcely have the hundredth part of the corn which his annual labour has produced.

The importance of each person's pecuniary revenue regulates almost entirely the quantity of things of which he has annually the enjoyment.

The whole effective revenue of a nation is divided annually, it is true, among all the individuals composing that nation, but only in proportion to the pecuniary revenue that each possesses, and not in proportion to what he contributes annually to this effective revenue. A nation cannot increase its wealth without increasing its annual produce, but it is sufficient for an individual, in order to become richer, to increase his pecuniary revenue, because it is in proportion to the pecuniary reve-

nue, and not to the mass of production to which he contributes, that he becomes possessor of things capable of satisfying his various wants and desires.

Every person who, by his physical or intellectual faculties, contributes directly or indirectly to the production of any useful thing, furnishes his contingent to the general stock of the national revenue; this contingent is greater or less according to his participation in the quantum of utility produced; but his share in the annual distribution, is not in proportion to his contingent, but in proportion to the amount of his pecuniary revenue.

A just equilibrium between the pecuniary revenues of individuals and the share which they contribute to the national revenue, is favourable to the wealth of the state; for the sum of all the pecuniary revenues can only procure that which is produced annually. If the unproductive class absorbs the greatest part of the annual production, and if the producers be able to obtain only the smallest part, the production will, on that account, be discouraged, and the state will be poor. We see this to be the case in those countries, where the great revenues belong only to the clergy and nobility, as in Spain and Russia.

To increase his wealth, an individual needs only direct his efforts towards the increase of his pecuniary revenue, whereas a state can only enrich itself by increasing its annual production. There are many cases, where an individual, by increasing his revenue, injures, instead of contributing to this production. For example when an exclusive privilege is granted to carry on any trade or manufacture or any branch of commerce, it most frequently happens, that those who enjoy this monopoly, get rich, but the restrictions, with which free production is shackled, have the effect of diminishing the total produce; the consequence is a diminution in the sum total of the national wealth.

Every one prefers that which tends rather to raise the price of what he sells, than to increase the quantity of the same article, for it is by the high price, rather than by the quantity, that an individual makes a profit on what he sells. Thus an engrossment of any commodity, which raises the price, without increasing the quantity, is a practice frequently employed, under the name of speculation, to increase particular fortunes; but when speculation raises the price of articles of the first necessity, misery shines in the ranks of the productive

ductive classes and consequently diminishes the mass of production ; we see then that this source of individual wealth occasions a diminution in the wealth of the state.

Individual interest, therefore, seldom accords with public interest. It is not without much caution that we should admit the arguments of those who endeavour to prove, that what is very advantageous to the class to which they belong, is, at the same time, very advantageous to the state. In examining the different sources of the revenues of individuals, we shall have occasion to point out the captious arguments that have been advanced at different times to persuade, either the government or the public, that such or such a measure would contribute very much to the general advantage, whereas, in fact the interest only of some individuals would be promoted, and that of the public would, in reality, be injured.

CHAPTER XIV.

Of the effects of the inequality of Fortunes on the production of Wealth.

BEFORE we commence our researches on the effects produced by the inequality of fortunes on the creation of riches, we beg to recal the reader's attention to the following fundamental principles:

1st That fortunes are in proportion to the revenues.

2^d That revenues consist of the quantity of useful things that do or may come annually into our possession.

3^d That the effective and immediate utility of articles of consumption consists in the property, which they possess, of satisfying immediately and of themselves, one or more of our various wants or desires.

4th That the degree of utility of articles of consumption is measured by the

importance and quantity of wants and desires, that they are capable of satisfying.

5th. That the importance of these wants and desires is in proportion to the inconvenience that would arise if these wants or desires were not satisfied.

6th. That the rank which a thing occupies in regard to its degree of utility, is determined by the greater or less inconvenience we generally experience by being deprived of it; and we can form a pretty just idea of this inconvenience by observing what the head of a family generally determines on retrenching in his expenses, in the event of a diminution in his pecuniary revenue.

According to this basis, we see that objects of the first necessity, those which are indispensable to the food, clothing and lodging of families, hold the first rank among useful things, that they belong to the first degree of utility; that in the next rank are objects of mere convenience, and lastly, that objects of luxury are ranked in the third degree of utilities.

Now let us examine what takes place in proportion as fortunes become more unequal.

Let us suppose a state composed of 100 families, having each a yearly revenue of 50 L. arising from any source, and that the total pecuniary value of the articles of consumption, annually produced in this state, amounted to 5000 L. As we have before remarked, the pecuniary revenues determined the share that each could obtain in the distribution of the total mass of the annual produce; we see that the whole of this production of useful things, may have been acquired by these hundred families and that each had an equal share. If each of these families, supposing that the soil of the country which they inhabit, be fertile, and supposing that they exercise the most useful crafts, applies itself laboriously to the production of the most useful articles of consumption, there is no doubt but that opulence and poverty would be unknown in such a state and that each family would be in tolerably easy circumstances.

Let us suppose, which is more likely to be true, for such an equality in the pecuniary revenues cannot exist, as nature herself has not distributed to all men an equal capacity

for acquiring fortunes, let us suppose that the 5000 L., from circumstances either natural or political, should be divided as follows:

	L.	L.		L.		
40 Families at 25	"	1000	Loss per family	25	Total loss	1000
30 ditto at 35	"	1050	ditto	ditto	15 ditto	ditto 450
20 ditto at 50	"	1000	"	"	"	"
8 ditto at 120	"	960	Gain per family	70	Total gain	560
1 ditto at 300	"	300	ditto	ditto	250 ditto	ditto 250
1 ditto at 690	"	690	ditto	ditto	640 ditto	ditto 640
<hr/>			<hr/>			
100 Families.			5000 Revenues.			

What will be the result of this commencement of inequality in the division of the pecuniary revenues of this state? The 1st and 2^d classes will not be able to purchase any longer certain articles of the first utility; the production of them will therefore be considerably diminished. But the 1450 L. taken from the revenues of the first and second classes will be employed by the 4th 5th and 6th in purchasing, over and above what they had been accustomed to buy, certain articles of more convenience, but of the same cost, price as those which the first and second classes are no longer able to buy, but however of less real utility, recollecting that the utility of things is in proportion to the inconvenience we experience from the privation of them.

Two effects result from this unequal division of revenues :

1st A diminution in the sum total of effective utility produced annually in this state, that is to say, in its effective revenue, for as we have just seen, there was a greater quantity of utility in the objects previously produced to satisfy the demand made by the classes deprived of the revenue of 1450 L. than in the articles subsequently demanded by the classes who had experienced an increase in their revenue, to the amount of the same sum of 1450 L.

2^d Effect: a commencement of poverty in the state; for forty families would be reduced from 50 L. to 25 year. This diminution in the revenue of each would oblige these families to submit to the privation of many things that would have been very useful to them, and poverty is nothing else than the want of useful things.

These two inconveniences, arising from the unequal division of pecuniary revenues, become much more serious and important, in proportion as the inequality increases.

Let us take for a second example this new

division of the 5000 L. pecuniary revenues among the hundred families.

		L.	L.		L.	L.		
70	Families at	18	1260	Loss per family	32	Total loss	2240	
20	dito at	30	600	dito	dito	20	dito	400
6	dito at	50	300	"	"	"	"	"
2	dito at	150	300	Gain per family	100	Total gain	200	
1	dito at	500	500	dito	dito	450	dito	450
1	dito at	2040	2040	dito	dito	1990	dito	1990

100 Families.

5000 Revenues.

We perceive by this example, how much more serious still are the two inconveniences that we have just signalized viz, a diminution in the sum of real and effective utility which had heretofore been produced, and an increase of poverty and misery in the bulk of the population.

The increase of 1990 L. in the revenue of the last family will certainly not give birth to so great an amount of real utility, as if these 1990 L. of revenue had remained at the disposal of the 70 families who have lost 32 L. of the revenue of 50, which they possessed; we see besides that 70 families have been reduced to poverty and misery that one only might enjoy opulence.

It is however this disproportion in the division of revenues, that exists in most states.

By multiplying by 100,000 the number of families and of pecuniary revenues mentioned in the last table, and by dividing the revenues of the 6 classes among a greater number of classes from 5 L. to 5 L. and from 50 L. to 50 L., we shall have a pretty correct idea of the number of families in France, of the amount of their pecuniary revenues, and of the distribution of these revenues. Whence we may judge of the injurious effect that so great a disproportion in the distribution of its pecuniary revenues produces on the wealth of this state. It is true that this disproportion exists in a still greater degree in other states, but they are generally reckoned less rich than France, which confirms the principle, that we have laid down, that a great disproportion in the pecuniary revenues of individuals, is very unfavourable to national wealth.

The prodigious increase in the wealth of the United States of America may be chiefly ascribed to the circumstance of there being little disproportion in the pecuniary revenues, whilst in the colonies, formerly belonging to Spain in South America, where the private fortunes were enormous, the increase in the public wealth was hardly perceptible.

In England, the great disproportion in private fortunes arose principally from the three following causes.

1st The right of primogeniture, which concentrates in a few hands the great landed properties.

2^d The enormous accumulation of taxes, which absorbs a portion of the slender pecuniary revenues of the bulk of the industrious population; and from which are derived the immense revenues of fund holders and public functionaries, with or without functions.

The third cause arises from the circumstance, that manufacturing or commercial undertakings, in order to be beneficial, require an immense capital, which limits the number of those who have it in their power to embark in such undertakings. The number of paupers supported by the poor tax is also very considerable in this state.

It has been remarked that poverty marches in the train of opulence, but, I think, the general causes of this fact have not been satisfactorily accounted for.

The example of Russia and Poland proves how much the unequal distribution of pecuniary revenues is injurious to the increase of the wealth of a state. Such is the fertility of Poland and of the southern provinces of Russia, that these countries have been considered almost as the granaries of Europe. The quantities of corn exported annually from these countries, by the ports of Dantzick and Odessa, are immense. The north of Europe is, in a great measure, supplied by the corn exported from the first of these ports, and the south of Europe by that exported from the second.

This example proves, though some authors have asserted the contrary, that population does not always keep pace with the means of subsistence; it is not the want of food or of a fertile soil which is the cause of the poverty and small population of these countries but the very unequal division there of pecuniary revenues, which causes a greater demand, amongst the unproductive classes, for articles of luxury than for articles of necessity; little money is expended in procuring corn, but a great deal in procuring silks, costly furniture, pictures, statues, and jewels; articles which have, however, less effective utility, compared with their value in money.

than those which are necessary for human subsistence.

By means of this great disproportion in the pecuniary revenues, Poland is, as it were, deprived of her natural fertility. The peasant, in cultivating the land, makes it produce, in fact, not corn for the country, but frequently frivolous toys. In Poland, a rich nobleman, wishes to purchase 100 L. worth of jewels, he sells the corn, which has been produced with much pain and labour by the peasant, to a jew and purchases of him the jewels; the corn no longer exists for Poland, it has been transformed, as far as it regards this country, if I may be allowed the expression, into useless gewgaws.

The great inequality of fortunes is the principal cause why the pecuniary price of things so seldom accords with their degree of utility, and why so many frivolous things find purchasers at very high prices; whilst other things, of much greater utility, are purchased at a very cheap rate: the production of the first is, in this case, encouraged to the detriment of the second, and, according to the principles which we have laid down, it follows that a great diminution would take place in the sum

of useful articles annually produced, that is in the national wealth.

A much esteemed author has said that a state which exports articles of the first necessity, and imports articles of luxury, carries on a very advantageous commerce. We hold quite a contrary opinion, and what we have just advanced, seems to justify sufficiently our sentiment.

We think then that, by the commerce which Lyons carries on with Warsaw, France is a greater gainer than Poland, because, with regard to the public wealth of these two states, the quantity of corn imported into France, possesses more effective utility, than the quantity of silk imported in exchange into Poland, although the amount of the value in money of these two articles of commerce has been pretty nearly equal.

How little soever we reflect on the serious inconveniences that result from a great disproportion in the pecuniary revenues of a state, we are astonished that any person can advocate in earnest, those measures, which tend to increase this disproportion, such as laws, the effect of which is to create large landed

properties. The inequality of fortunes comes but too frequently in a natural way, without its being necessary to make laws to aggravate the evil.

We have seen the pernicious effects, which a very great disproportion of fortunes produces on the population and wealth of states; we might also point out the calamitous effects of this unequal division in a moral point of view. In fact to how many vices of every description do not the extremes of opulence and poverty give rise? But by the nature of this work we must confine us to the consideration of the subject with reference to the increase or diminution of wealth.

We are far, however, from thinking that laws should intervene directly in this division of revenues to render them all equal; that an agrarian law, for example, should level all the landed property, or that laws should be enacted to regulate trade and commerce, for the purpose of equalizing, if possible, the revenues arising from these sources.

We think on the contrary, that a certain inequality in fortunes is favourable to the increase of general wealth. A degree of ease in circum-

tances somewhat superior to that which would result from an equal distribution of revenues, is, in general, favourable to the free expansion of the intellectual faculties of man; for it is still more by his intelligence than by his physical force, that he is able to multiply the things which satisfy our wants and desires. In regard to mechanical force, seven men only equal one horse, and an ass is equal to three men; but by his intellectual capacity, man masters the physical force of nature and of animals and applies it to the production of whatever is useful to him.

It is very certain that, when a man is compelled from his infancy to employ his time continually in mechanical labour, his intellectual faculties, not being exercised in a sufficient or suitable manner, are necessarily weakened and more confined.

The more we can vary our occupations, the more, by the very nature of these occupations, we can find opportunities of exercising our intellectual faculties, the more, probably, these faculties will become expanded and gain in energy. With a few exceptions, it is among the clergy, lawyers, physicians, and literati, and not in the class of artisans and labourers, that

the most frequent examples are to be found of the greatest expansion of the intellectual faculties. All these men are, however, born with an equal degree of intelligence; opportunities only of calling it forth, give rise to the difference which we have remarked. Now a certain degree of ease in our circumstances furnishes a thousand means of improving our intellectual faculties.

Classical studies, the cultivation of different sciences, scientific travels, are things that cost dear and are out of the reach of those who possess but slender fortunes.

Great opulence does not appear to be favourable to the enlargement of the intellectual faculties: in this situation we have very little occasion for the exercise of our intelligence; besides, the intellectual faculties, frequently blunted by the over-indulgence of sensual pleasures, which too generally accompanies great wealth, lose their energy.

It is, therefore, a certain degree of ease in our circumstances, that is best calculated to unfold our intellectual faculties, faculties which, as we have before observed, form one of our principal means of production.

A certain inequality in the fortunes of individuals is besides necessary for the greatest production of wealth, because without this inequality no person could have at his disposal that mass of means of production, whether in raw materials, tools, machines and other instruments of production, or active physical force, which are frequently necessary to obtain certain kinds of produce.

Different enterprises, whether commercial, agricultural or manufacturing, require a certain mass of these means of production, or, in other terms, an effective capital; now, as money is the universal means of acquisition, in possessing it we possess an effective capital. The possession of a certain mass of pecuniary capital is, therefore, favourable to the above mentioned enterprises, which require the union of several means of production, such, for instance, as agricultural improvements on an extensive scale, large manufactures and different kinds of commercial enterprises which could not be undertaken without a large individual capital; opulence is not however necessary for these undertakings, companies, shares, or a moderate fortune, accompanied by credit, are sufficient to put in activity undertakings of this description, even on a large scale.

We

We see, therefore, that a certain inequality in the division of fortunes, which extends from mediocrity to great ease in our circumstances, is favourable to the increase of public wealth, but that great opulence and extreme poverty, its usual concomitant, on the contrary, impoverish a state.

If on the one hand easy circumstances and not opulence, are favourable to the wealth of states, on the other hand a situation bordering on poverty, but not poverty itself, is also favourable to it. It is unfortunately true, that a certain class must be reduced almost to distress, before they would submit to some very laborious employments or to certain disagreeable occupations, very useful certainly, but which they would not follow, unless forced by a situation approaching to poverty but not poverty itself, for poverty leads to vice and immorality, which are obstacles to the increase of population and consequently to the increase of the wealth of the state.

CHAPTER XV.

Of the Sources of pecuniary Revenues in general.

FROM its having been remarked, that those persons who gained more money annually than they spent, enriched themselves, and increased their revenue, an erroneous conclusion has been drawn, viz that, for a state to enrich itself, it was necessary that more money should be imported annually into that state, than was exported. It is from this false conclusion that the system of the balance of commerce of the precious metals arose, and which also induced a belief, that the amount of the pecuniary revenue of a nation could only increase in proportion to the increase of the precious metals in that state. We think it is not difficult to refute these two assertions. Let us for the present examine the last only. We will return to the first when we treat of external commerce.

There exists, it is said, rather a singular custom in a certain part of Westphalia, where cash is scarce. The inhabitants of the country go

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once a year, on a fixed day, to the neighbouring town, to regulate, with a kind of bankers, the prices of the different sorts of agricultural produce, for the ensuing year. These bankers and the country people regulate, at the same time, the price of the different articles that the latter will have occasion for from the town. These bankers then open accounts current with their different customers, crediting the country-people with the articles that they send to town and debiting them with those that they receive in return. These accounts are settled every year, the parties having occasion for very little money to adjust their balances.

We see that the annual effective revenue of these country-people consists 1st of the rural produce, which they keep for themselves; 2^d of what they receive annually from the town in exchange for their corn, butter etc.

Now, it is clear, that if they were to double their annual produce, the portion, which they could keep, and that, which they could send to the town, would be doubled, and consequently that their effective revenue would be doubled. The artisans and tradesmen of the town might, in the same manner, double their effective revenue and all this might take place, without any increase in the current coin, as

the same sums of money would suffice to pay the different balances.

Now, let us suppose that instead of the accounts current above mentioned, it was agreed that the bankers, upon the receipt of each invoice of goods sent from the country, should give their bills, payable at the end of the year, and that the country people were to do the same for the goods which they received from the town. It is clear that this arrangement would come to the same thing, as the same quantity of money as before would be sufficient to balance these bills whether the produce and demand were doubled or not.

Let us suppose, lastly, that instead of there being a total lack of specie, there is sufficient to pay for the first goods sent and received by one and the other of these parties, and, instead of sending bills in payment for each parcel of goods crown pieces are remitted. When the country-man sends 5 L. worth of goods to his banker, the latter will send him 20 crown pieces; and these same 20 crown pieces will be remitted to the banker when he sends the country-man 5 L. worth of goods from the town. If the produce both in the town and country should be doubled and if instead of making two remittances of money and goods annually, they were to make four,

the same 20 crown pieces would be remitted from the country to the town and vice versa, four times during the year, instead of twice, and without a greater quantity of coin being necessary; the pecuniary and effective revenues of the inhabitants of the town and country will have been doubled solely by the effect of a double production and a double circulation.

We may now easily perceive that this last case, that is to say, that of the circulation of the crown pieces from the tradesman to the producer and from the producer to the tradesman as a consumer, is the case of every state where there exists an internal commerce; and that the pecuniary revenues of the inhabitants may increase, merely by an increase of production and circulation, without the necessity of an augmentation of the current coin. Besides, promises of money, at sight or after date, may, in many cases, supply the place of a metallic currency in a country where sound political institutions ensure a permanent credit.

We shall now examine the different sources of individual pecuniary revenues.

When an individual keeps for himself the annual produce of the capital which he posses-

ses, as, for instance, his corn, his cattle, the game which he kills, and the fish that he catches, this annual produce forms his direct effective revenue.

But when he sells the produce of his capital, or lets out the capital itself, he then acquires a pecuniary revenue. As the greater part of the revenues of individuals are pecuniary revenues, we shall therefore treat of these revenues more particularly.

Landed proprietors derive their pecuniary revenues from the rent of land, houses, mines etc.

The pecuniary revenues of those, who possess moveable personal property are derived from the interest of money and from the hire of different means of production such as machines, horses, ships etc.

The possessors of immaterial capital derive their pecuniary revenues: 1st from the possession of personal physical force, labourers, for instance, properly so called, who let to hire, by the day, or for any longer period, their physical force. 2nd From the possession of intellectual capacity and acquired knowledge; such as

school masters, physicians, lawyers, authors etc. who derive their incomes from the remuneration, which they receive for the employment of this capacity and knowledge. It seldom happens that a workman possesses physical force only; in general he possesses at the same time, a certain degree of intelligence and acquired knowledge, ploughmen, blacksmiths etc. for instance, besides their, mechanical force have need of a certain intelligence and of a certain degree of positive knowledge of their profession; a fortiori then, opticians, watchmakers etc. ought to possess this intelligence and knowledge. The union of these three qualities viz intellectual capacity, physical force and acquired knowledge, may be termed their industrious capacity.

Agriculture, commerce, manufactures, the learned military and civil professions, and the arts and sciences, all present sources of pecuniary revenues. But the quantum of the revenue of each person does not depend so much on the kind of employment, in which he is engaged, as on the scarcity of the kind of capital that he has at his disposal, and on the rate of the hire of this capital. In the same lucrative branch of industry, in agriculture, for example, the pecuniary revenues of the landlord, of the farmer and of his servant, are in proportion to

the nature and quantity of the thing which each has at his disposal. The one has the property of the soil, the other has the capacity and knowledge necessary to carry on his business, the other has, in fine, mechanical force; and it is in proportion to the want that one has of the other, that the pecuniary revenue of each or their respective shares in the total agricultural produce, is regulated according to the rate of rent and the price of labour.

The same holds good in regard to all the other sources of revenue, of which we have just spoken. It is the same principle which regulates the difference of the revenues, between the heads of manufactures and their workmen; between masters of vessels and sailors, and between ministers and those employed in their offices. The pecuniary revenues of each of these persons is proportioned to the degree of capacity, that each possesses, to enable him to exercise one or the other of these different functions.

In our disquisitions on wealth in reference to individuals, that is to say, in our examination of whatever has an influence on the greatness or smallness of the pecuniary revenues of individuals, we should rather consider the nature and quantity of the capital which each has at his

his disposal, than the branch of industry, which he cultivates, or the career, which he pursues: this plan would, however, be attended with the inconvenience of obliging us to pass, at every moment, from the consideration of one branch of industry, or from one profession to another, and as our researches are directed, not only to the wealth of individuals, but also to that of nations, we follow the classification which has chiefly a reference to public wealth, that is to say, we will examine, in succession, whatever regards agriculture, commerce, manufactures, the arts and sciences, the learned, civil and military professions, distinguishing, however, in these different sources of revenue, the quantity and nature of capital possessed by each, whether moveable, immoveable, or immaterial, and examining their influence on individual, as well as on national wealth.

CHAPTER XVI.

Of the advantage of the distinction of different kinds of Professions.

ALL kinds of professions require, in particular, one or more of the three following things. 1st A certain portion of acquired knowledge; 2nd A certain assortment of tools instruments or machines; 3rd A certain physical force and intellectual capacity.

For example, a good farmer ought to possess, 1st A certain previous knowledge of agriculture; 2nd He should have a certain assortment of implements of husbandry, such as ploughs etc.; 3rd He ought to possess a certain skill in directing the rural labours of others, or in performing them himself.

In the same manner, a manufacturer ought to have, 1st A previous knowledge of the branch of industry to which he devotes himself; 2nd He should have a certain assortment of tools instruments or machines, especially adapted to

the kind of manufacture in which he is engaged; 3^{dy} He ought to know how to use these tools and himself, or to direct others how to use them.

Lastly, an artist ought to know, 1st The principles of the art which he possesses; 2^{dy} He should have a certain quantity of tools and instruments adapted to his art; 3^{dy} He should possess a certain taste, talent or genius for the art which he possesses.

We should bear in mind that each kind of profession requires, 1st A distinct knowledge; 2^{dy} The employment of different tools and machines; 3^{dy} A different kind of skill; so that, for example, what is necessary for the farmer, is of no use to the artist or manufacturer, and reciprocally, what is necessary for the latter, is of no use to the former.

If therefore any person wished to employ himself in making each of the hundred things, that he has occasion for, it would be necessary for him to acquire a hundred different kinds of knowledge, a hundred different assortments of tools; and to possess sufficient skill to enable him to make use of all these tools, we can easily conceive that it would be

impossible for him to accomplish all this, and in attempting to do so many things, he would scarcely do any thing at all, and nothing well.

But it is quite otherwise when each person devotes himself to one particular kind of employment, or adopts one profession only, each one acquires a more extensive knowledge of his business, a more considerable assortment of tools and greater skill in the use of them, and thus avails himself, to the greatest advantage, of his different resources. From all this, there results a great increase in the quantity of produce and a great improvement in the quality. The hundred individuals, by employing themselves, each in doing a hundred different things, would do very little, and nothing well, whereas these hundred individuals, by devoting themselves, each to a particular sort of profession or business, would increase, in an immense degree, the quantity, as well as improve the quality of their different productions. This is the cause of the great advantage that results from the distinction of professions.

When we consider that in a state, instead of a hundred, we have occasion for a thousand things of different kinds, we see how much this distinction of the different kinds of

professions , is not only indispensable , but becomes the source of an immense increase in the production of useful things.

And , as we have observed before , it is the annual production of useful things that constitutes the effective national revenue, and that it is this effective revenue which is the measure of the wealth of the state , we see of what importance is the distinction of professions with reference to this public wealth ; without taking into consideration its importance in regard to the increase of individual wealth , of which it is a necessary cause.

We have only cited in this chapter a small number of professions , but it may be easily perceived that what we have said of agriculturists , manufacturers and artists , may equally apply to those persons who devote themselves to commerce , to the moral and physical sciences , to the mathematics and to civil , military or judicial employments ; each one in his business does more and better when he devotes himself exclusively to it ; besides , by devoting ourselves to one particular sort of occupation instead of several , we are more sure of succeeding , and our success becomes a source of increase in our pecuniary revenues.

CHAPTER XVII.

Of the influence of Morals and religious Dogmas on the wealth of nations.

THE observance of the laws of morality, is not to individuals only, a source of pleasure, the most agreeable and the most lasting, but morality or immorality is a great cause of the wealth or poverty of nations.

When immorality prevails in a state, every thing is corrupted and tends to diminish the public wealth. Immoral governors, instead of employing the power which has been confided to them to defend the country and maintain order and tranquillity at home, employ it as an engine of oppression, and as a means of satisfying personal hatred. Instead of being guided by motives of public utility in the expenditure of the money produced by the taxes, they employ it to satisfy individual interests and as a means of corruption. An immoral general usurps the power which it was his duty to obey;

and immoral men are eager to forward his designs how unjust or how destructive soever they may be of the wealth and liberty of the state. If a nation, where immorality prevails copies the institutions of a state where more morality exists, these institutions degenerate and even fall to the ground. A national representation, the trial by jury, and the system of mutual instruction, exist only nominally in the former state; and bodies, who are intrusted with the charge of preaching and teaching the moral virtues frequently teach and practise the reverse. In the working classes, idleness, drunkenness, habits of lying, theft etc. and in the other classes, bad faith and a want of fidelity in fulfilling their engagements, are immoral causes which are essentially injurious to agriculture, commerce and manufactures. It is then but too evident that immorality is opposed to the wealth of nations, and consequently morality is favourable to it.

For this reason, our first inquiries into the means of increasing the wealth of a state, should perhaps be less directed to that which contributes directly to form this wealth, than to the moral causes, that tend, indirectly, it is true, but in an important and powerful manner, to increase it.

A fact which proves this powerful influence of morality on the wealth of nations is, that there is at the same time less morality and less national wealth in Spain, Italy and Turkey, than in France, Holland and England. Let us then examine this subject carefully.

In almost every age and in almost every country, except indeed among a small class of philosophers, the rules of morality have been interwoven with certain religious dogmas. Brahma in India, Moses among the Israelites, Jesus in Judea, and Mahomet in Arabia, joined to the moral rules which they prescribed, the belief in certain peculiar dogmas. This belief in certain dogmas and in certain moral precepts forms religion.

The influence of religious dogmas on morality is very considerable. It is not then surprising that the difference of religion has an influence on the wealth of nations, since these dogmas affect morality more or less, and, as we have just seen, morality has a powerful influence on the wealth of nations.

It is an incontestable fact, that there is a greater tendency to the increase of wealth, in those states where christianity prevails, than in those, where

where mahometanism reigns ; and in those states that profess christianity , this tendency is greater in protestant , than in catholic countries.

Let us endeavour to point out the causes of this fact. In the first place , we shall lay aside , in our discussion of this subject , whatever has a reference to the religious dogmas in themselves ; for we adopt the opinion of HUME , that we should abstain from reasoning on every thing that is superior to human reason. We shall therefore only consider these different dogmas in respect to their influence on the morality of nations and consequently on their wealth.

The law of nature the least subject to controversy , is that of the maintenance of the species , whether in the animal or in the vegetable kingdom.

All the organs of animals and vegetables are admirably calculated for the perpetual reproduction of their species and for their preservation. It is by pain and pleasure , that nature excites us to avoid that which might destroy us , and to seek whatever tends to our preservation and reproduction.

Nature has not only strongly excited the sexes

to seek out each other, but it has still further provided, by a powerful instinct among animals, and by a lively natural feeling in man, that infancy should be taken care of and protected. It is also in consequence of this same law of nature which watches over the conservation of the species, that men form themselves into societies, because they can then better defend themselves and provide for their different necessities.

With this same view to the preservation of the species nature has implanted in the heart of man two internal feelings, sympathy and conscience. Sympathy is that internal, natural and innate feeling, by which we experience pain at the sight of pain in others, and pleasure, at the sight of another's pleasure. From the tenderest age, the infant smiles on those who smile on it, and cries, if it sees another weep. Those persons calumniate childhood who say that children are cruel and without pity. I have always found them naturally affectionate and compassionate, but a child is an imitator and if he becomes wicked, it is not naturally, but by imitating those who surround him.

Conscience is also an internal, natural and innate feeling, which restrains us from doing those things that may injure another, or reproaches us, if we have done them.

These two feelings, sympathy and conscience, which are natural and innate, and not the result of reflection, are combined with judgment, at a later period, in man; from which combination result the moral feelings, that is those feelings that excite us to act according to the laws of sympathy and conscience, not instinctively, but from reason and from a conviction that our actions, when they are conform to those laws, fulfil the divine law prescribed by the supreme legislator of nature.

The safest rules of morality, the least liable to lead us astray, are those which deviate as little as possible from the two natural and innate feelings of sympathy and conscience, such as we experience them at an early stage of our existence.

Love your neighbour as yourself. Do not do to another what you would not be done by, are the two principal moral precepts which God has engraven in our hearts and which he has sufficiently revealed to us by the feelings of sympathy and conscience which he has placed within us, even though he had never revealed these precepts to us by any other means.

Our bodies are subject to maladies; it is the

same with regard to our intellectual part, the mind; and unfortunality, our different moral feelings may become diseased, as will as the different parts of our bodies.

Immorality is not in the natural order of man, as some morose philosophers have pretended. It is an accidental thing, a disorder in our intellectual, as a fever is in our physical system. There are even many cases where it is not easy to ascertain whether such or such an immoral or criminal action be not the consequence of a kind of mental alienation proceeding barely from a derangement of the animal oeconomy. The immoral man labours under a species of malady which should be guarded against. We should even inflict a punishment on such a man, as a means of cure, rather than to avenge society. Immorality is not an incurable disease. The establishment of Botany-Bay offers frequent and striking examples of the cure of this disorder.

Let us seek for the causes of immorality, of this accidental change in our natural moral feelings.

We ought not to conceal it, there would be an affectation of virtue to deny it, our first feeling, that which is the most natural to us, is to

avoid whatever may injure us and to search for what ever may give us pleasure, it is only afterwards that we endeavour to avoid what might give pain to others and to procure for them that which might give them pleasure. This feeling, which is that of self-love, is still conformable to the general law for the preservation of the species, for, in fact, we are much more sure of promoting this general preservation by employing directly and for ourselves the means of preservation with which nature has furnished us, than by employing them for others.

Self-love is, by no means, blamable in itself since it is one of the principal feelings that nature has inspired with us: and it is in general compatible with the other natural feelings of sympathy and conscience.

Nevertheless, as a consequence of the feelings of self-love, if a circumstance should happen by which the same thing might be injurious to ourselves and others, our first thought would be to ward off the injury from ourselves; to prevent others from being injured by it, would only be a secondary consideration. This circumstance leads to the commencement of a change for the worse in our moral feelings, that is, in our intercourse with others in reference to the

laws of sympathy and conscience. If this circumstance should occur frequently, it would have the effect of blunting the moral feelings, and each repetition of it would vitiate them more and more. In the beginning we consider our own interest first, then, that of others: afterwards, we consider our own interest only, without regard to that of others: at length we fear not to injure others, from motives of personal interest, and interest, in this case, very seldom rightly understood, because, in fact, it very seldom happens that it is really our interest to do that which would have the effect of injuring others.

We see that the repetition of these circumstances that tend to deteriorate our moral feelings, begins by weakening gradually the sensibility of these feelings and finishes by destroying them entirely. The same holds good in the physical, as well as in the moral system; for violent blows repeated on any part of our body, deaden it, by weakening the sensibility, and by degrees cause death to insue.

Extreme poverty leads sometimes to immorality, and even to crime, by the conflict which too often exists between the feeling of self-preservation and that of not injuring another.

It is also evident that every government which, by its institutions, causes personal interest to clash frequently with the feelings of conscience, necessarily leads a nation, so governed, to immorality; and that every dogma, the result of which is to deteriorate the feelings of sympathy and conscience by promising rewards in another world for hurtful actions done in this, gives an immoral bias to the nation which adopts such dogmas.

The duties of man consist in the faithful observance of those laws which nature has engraved on his heart from his tenderest infancy by the natural feelings of self-love, of sympathy and of conscience, united feelings which guided by reason and united ought to regulate all his actions, whether they regard himself only, or his intercourse with others. There cannot possibly be any distinction between the duties of man towards nature and his duties towards God. He, who fulfils the latter always fulfils the former. To infringe a law of nature, is to infringe a law of God himself, since God is the supreme legislator of nature. Nature is this visible universe such as it exists under its unchangeable laws in the most certain and unquestionable manner, independently of every supposition of a different anterior or future state,

a supposition more or less susceptible of controversy. It is only by the spectacle of nature and the contemplation of the admirable laws by which it is governed, that God has revealed himself to man in an uncontested and universal manner. All other revelations have been circumscribed to certain periods and to certain countries, and have been the subjects of endless disputes. The most sure method therefore of discharging our duties towards God, is to accomplish his law by accomplishing the laws of nature, laws which have themselves been revealed to us by these three natural feelings united viz, self-love, sympathy, and conscience. Morality consists in the observance of these primitive laws. Immorality, in the violation of them.

By reflecting maturely on the subject, we become convinced that all our virtuous actions proceed from these three feelings united. Self-love, guided by reason and reflection, clearly shews us that the surest way of making ourselves happy, is to obey the dictates of this natural feeling of sympathy which leads us to comfort those who are in distress, and to console those who are afflicted; that every beneficent action is the source of the most pleasing emotions that man can enjoy; and that
our

our pleasures are never greater and less subject to satiety, than when we share them with others; that it is, infine, by contributing to the happiness of others, that we enjoy the purest and most durable happiness ourselves.

A self-love; that is the result of reason and reflection, shews also that selfishness and obduracy deprive us of the most pleasing enjoyments; that the feelings of hatred and revenge are real torments, that as often as we injure others by a breach of faith, lying, calumny, or in any other way, conscience, not only embitters all the advantages that we expected to derive from the employment of such means, but that, sooner or later, they cause us to lose the esteem and affection of others, a loss which is the source of bitter regret; in short, that misfortune is almost an inevitable consequence of a criminal action, by subjecting us to the tormenting stings of a conscience loaded with remorse, or to the torture of a continual dread of condign punishment.

A rational self-love is not therefore a blamable feeling, as some philosophers have pretended. This feeling, on the contrary, more than any other, inspires us with the desire of following the paths that lead to virtue and

of avoiding those that lead to immorality and vice. We see then that it is not self-love in itself, but only an inordinate self-love, or not rightly understood, that urges us on to immorality and vice. Rational self-love, sympathy and conscience are three feelings, that are united by one common bond; and whatever disunites them, injures them reciprocally; for true morality is founded on the union of these three feelings.

We have before remarked that a depravity of the moral feelings, or immorality, may be considered a disease of the mind. We have just pointed out the first causes of it. This malady is moreover contagious in an eminent degree; that is to say, it is communicated by frequenting the society of immoral persons, and by the influence of their precepts and example. An experiment has been made in Scotland of completely isolating, from infancy, a small colony from all contact with vicious and immoral persons, and the result has been, that all those who composed this colony, were naturally virtuous in every respect, without the aid of any religious dogma.

As we observed before, the union of religious dogmas with the precepts of morality forms religion.

The dogma is that part of religion which commands our faith in whatever regards our intercourse with the Divinity. Morality is the rule of our duties towards ourselves and others.

Now , if we examine the mahometan, catholic, and protestant dogmas in their connexion with natural morality, we shall see that the dogmas of protestantism cause man to deviate less from the rules of morality, than the catholic dogmas, and these again less than those of mahometanism. Of which it is easy to be convinced.

The principal mahometan dogma is, that the enjoyment of sensual pleasure is reserved in another life for those who believe in the divine origin of the Koran, and who regulate all their actions according to the precepts that it contains. Such a dogma is entirely destructive of natural morality; for, in fact, the stimulus to virtuous actions is, in this case, no longer the moral innate feeling of sympathy, which excites us to relieve the pain of others and to rejoice at what renders them happy. This feeling is replaced by a vile and purely personnal feeling of self-love directed solely by a hope of sensual enjoyment; neither is it the moral feeling of conscience that prevents the mahometan from committing an action injurious to his fellow crea-

tures, but the dread of being burnt hereafter in the hell, with which he has been threatened by Mahomet.

That man is entitled to very little esteem, and in whose virtue very little confidence can be placed, who only does a good action, under the idea that he shall be rewarded for it, by another man in this world, or by a God in the next: he is a very wicked and a very dangerous man, who is only restrained from committing a crime by the dread of having his head cut off, or of being burnt either in this world, or in the next.

The truly virtuous man is he who does good on earth during his life, and who falls asleep tranquilly in eternity, filled with hope in the supreme wisdom of that being, who endowed him from his infancy with the feeling of satisfaction in contributing to the happiness of others, a feeling, which he has endeavoured to preserve, from which he derives no vanity and for which he does not pretend to any other recompense than that, which he has already received, by the enjoyment which he has experienced as often as he fulfilled the laws of morality implanted in his bosom by the supreme legislator of the universe.

To what actions does Mahomet promise his Paradise? To every thing that outrages morality the most. It is through devotion that the ferocious Turk exterminates all those who do not believe in his God and in his prophet. A true believer considers his blood stained cimeter as a means of conversion. The cruel persecution of the Indians in America and the tortures of the inquisition in Europe and Asia, employed to extend the religion of a God of mildness and peace, but too clearly prove that the long residence of the Saracens in Spain had left among the Spaniards, some odious traces of the false principles of the religion of Mahomet.

The incessant military spirit of the followers of Mahomet, is destructive of all tendency to the increase of wealth in those states, submitted to their power. Agriculture, commerce manufactures, the arts and sciences are ignoble or useless pursuits in the eyes of the mahometan. He abandons these occupations to the christians and jews, whom he equally despises and plunders. His sword and musket are his most noble means of acquiring whatever satisfies his wants and desires.

The dogma that every thing is contained in the Koran, a dogma that caused the destruction

of the library of Alexandria by fire, is opposed to every improvement in natural or moral science and in the arts, primary causes of the increase of wealth, for ignorance, poverty and immorality allways accompany each other.

Whilst christian Europe has made rapid strides in the carcer of wealth during the last ages, Turkey in Europe has remained stationary in this respect, if it has not retrograded. This fact is evidently occasioned, as we have just seen, by the tendency of the religious dogmas of Mahomet, to vitiate, to the last degree, the true principles of morality.

If we compare in the next place the religious dogmas of the catholics, in this point of view, with those of the protestants, we shall perceive that one of the principal dogmas of the catholic religion is transubstantiation, or the changing of a material into a divine substance by the effect of certain words and actions of certain men. This transubstantiation deviate from the ordinary rules which guide our judgment and establish our conviction, but faith admits it; a great inconvenience however arises from such a dogma and for the following reason.

As we have remarked before, religion is compo-

sed of the union of the belief in certain dogmas with certain precepts of morality; thus, for instance, in the christian religion, the eternity of pains is one of the dogmatic points, and the love of our neighbour is one of the moral precepts; but it is of great importance that the religious dogmas should deviate as little as possible from the ordinary rules of reason, for if faith should happen to fail, persons do not in general separate that which relates to the religious dogmas from that which concerns the precepts of morality, and then the extinction of faith is frequently attended with the extinction of the moral principle.

The rejection of a religious dogma cannot do any harm to God, but the rejection of the rules of morality is extremely harmful to men.

We should therefore carefully avoid any cause of irreligion, since irreligion is the simultaneous rejection of the dogmas and of the rules of morality. Now the more a dogma deviates from the ordinary rules of human reason, that is to say, the more its reception is the effect of faith alone, the more it is to be apprehended that this dogma may be a cause of irreligion, for it is a principle inherent in man to admit in preference that which is pointed out to him by

the ordinary rules of reason. The dogma of transubstantiation being admitted rather by faith than by the ordinary rules of reason, is perhaps one of the causes why we remark more immorality in catholic, than in protestant countries.

Sometimes, it is true, people do not reject at the same time, the dogmas of a religion and the rules of morality which it prescribes, as for instance when they adopt the reformed, instead of the catholic religion, that is, when they reject only some peculiar dogmas to the last religion, without ceasing to observe the rules of christian morality, but every change of religion being at variance with the manners of the present period, it is an unfortunate circumstance, we repeat it, that a religion should admit of dogmas which repose almost entirely on faith, because in that case these dogmas are frequently the cause of irreligion, that is to say, of the rejection at once of the religious dogmas and of the moral precepts.

The dogma of confession, a dogma which tranquillizes the conscience of him who has received absolution from a confessor, is also very dangerous, in as much as it may vitiate a natural innate feeling implanted in our bosoms by
Divine

Divine Wisdom itself. It is in one's own conscience, and not in the opinion of another, that God intended we should find our condemnation or absolution. By changing that which he has established naturally, we run the risk of doing worse. If Ravallac had always consulted his interior confessor, instead of a jesuitical confessor, France would never have had to bewail the cruel and untimely fate of Henry the Fourth. Not to mention these enormous crimes at which humanity shudders, to how many immoral actions the too complaisant absolution of a priest may give scope, and how much more effectually would a conscience, enlightened by reason, be able to restrain them. Assassinations, robberies, poisonings, debaucheries, lying, treason and perjury, are actions of but too common occurrence in the Pope's dominions, because there, the voice of conscience speaks less audibly than that of the confessor.

The doctrine that the state of celibacy is superior to that of marriage is also repugnant to the law of nature which prompts every thing breathing to propagate its species, it is also contrary to the feelings of sympathy and love bestowed by the supreme Legislator in such an absolute manner, that he intended to leave no doubt on the subject. The dogmatic law of ce-

libacy is therefore violated during the greater part of the time by those who prescribe it, and by those to whom it is prescribed; the tenderest family ties are then destroyed, morals suffer by it, and this violation of one part of the rules of morality draws after it the ruin of many others. Can a bachelor describe with eloquence and conviction the enjoyment of a father, who has assiduously watched over the preservation of the moral principles implanted by nature in the hearts of his children, and who finds the most pleasing recompense of his paternal care in their affection, their confidence, and their brotherly union?

The protestant ministers are seldom bachelors and they generally preach by example when they inculcate the virtues which are the foundation of the happiness of families. They not only encourage labour, order, economy, and harmony by their discourses, but they exhibit examples of these virtues in their families. It is not therefore to be doubted that these examples and these precepts, by exercising a salutary influence in protestant families, contribute powerfully to the wealth which is observable in protestant countries.

We do not see in protestant churches gold

and silver glitter on the altars and on the garments of the ministers of this religion. Splendour and misery do not, at the same time, strik the eye in these places of worship; the simplicity, order and equality, that reign there, dispose these who frequent these sanctuaries, to habits favourable to national wealth. The vaults of protestant churches do not reecho words unintelligible to those who hear them. Protestants do not think that they have satisfied their principal duties by assisting at ceremonies that relate entirely to the religious dogmas, but, it is by following the moral precepts expounded to them by their ministers that they imagine they are really following that which is prescribed by religion.

In fine, every thing in the protestant worship inculcates continually the practice of the social virtues, which, as we have seen before, form the indispensable basis of the wealth of nations. Whereas the catholic worship directs almost all our ideas to another life and another world and encourages us to neglect, and even despise, whatever has a reference to the present life and this world. It is not therefore surprising that there is a greater tendency to the increase of wealth in protestant, than in catholic states. We do not pretend to blame those who are of opi-

nion that they ought to sacrifice the advantages of the present life , to obtain greater advantages in a life to come ; neither do we pretend that protestant dogmas should be believed in preference to these of catholicism : the discussion of these different opinions is foreign to our subject : we wished only to make it appear clearly in this chapter , what was the influence of morality and religious dogmas on the wealth of nations , and why there was a greater tendency to the increase of wealth in christian , than in mahometan states ; and why , among the former , this tendency was greater in protestant , than in catholic states ; and we are of opinion that we have left no doubt on the mind of an impartial and dispassionate reader , respecting the true causes of this fact , which is one of the most remarkable in the science , which is the subject of this work.

BOOK II.

APPLICATION OF GENERAL PRINCIPLES.

CHAPTER Ist.

Of Revenues arising from external Commerce.

EXTERNAL Commerce is one of the most important sources of individual wealth. After the enormous fortunes of the favourites of sovereigns and those of contractors, fortunes which are far from being sources of wealth to the state, nothing is more remarkable than the immense wealth acquired by external commerce. In ancient times the splendour of Tyre, Carthage, Corynth, Palmyra and Alexandria, attest the wealth of their merchants. In modern times, the same description of persons have, by their wealth, enriched the states of Venice, Genoa

and Florence, and the cities of Cadiz, Lisbon, Marseilles, Amsterdam, London etc.

To place in a clearer point of view the effects of external commerce on the wealth of individuals and on that of nations, it we will be necessary to recur to present some preliminary notions on commerce in general.

We may remark, at setting out, that the pecuniary cost price of the production of each article of commerce, arises generally from the hire of the different means of production, material or immaterial, which were employed in producing it. The cost price of a piece of linen for instance, is composed 1st of the rent of the land which produced the flax; 2^{dly} of the price of the seed; 3^{dly} of what was paid per day for the hire of the physical and intellectual capacities of all those who contributed to the production of this piece of linen, such as cultivators, hacklers, spinners, weavers etc. We therefore see that it is the hire of the different means of production, which is the source of the pecuniary revenues of those who possess these means; so that the amount of the cost prices of production of the articles of commerce annually produced, represents pretty correctly, the amount of the pecuniary revenues annually

obtained by the possessors of these means of production, the employment of which was necessary to produce these articles. It is the province of those who are engaged in commerce, to foresee the future consumption, to purchase before hand the different articles of consumption, and to place them within the reach of the consumer, and it is from their warehouses that the latter supplies his various wants.

It results from what we have just mentioned, that the amount of the cost price, paid by the merchants to the mass of producers for their different products, is that which forms the amount of the pecuniary revenues of these producers, and that it is by the means of this same amount of pecuniary revenues, that these same producers are enabled to satisfy their wants from the warehouses of the merchants, by purchasing the different articles of consumption, which they themselves have supplied.

We see then, that in the end, the mass of producers enjoy annually nearly the whole of the articles, to the production of which they have contributed. We may also see that it is the producers themselves who supply their own pecuniary revenues. The merchants only add

vance the money necessary to stock their warehouses; since these same advances, are repaid to them by the producers as consumers, and it is this same money that enables the merchants to pay anew the producers and, by this means, furnish them anew with pecuniary revenues, which revenues are again expended by the latter as consumers, and so on annually.

The reader may have remarked that we did not said, it was the whole of the produce, that returned into the possession of the producers, but only nearly the whole of this produce; because the advantage which purchasers find in being supplied by the tradesman with the articles they want, in small quantities, and in proportion to their wants, makes them consent to pay him for these different articles a price exceeding the cost price. Then the amount of the cost prices, which forms the amount of the pecuniary revenues of the producers, not being sufficient to pay the amount of the commercial current prices, the producers cannot draw from the general commercial stockhouse the whole of the produce which they had previously furnished; but this surplus does not remain there, because the commercial profit, resulting from the difference between the cost and current prices, forms the pecuniary revenue

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nue of the merchant or tradesman; these revenues enable the latter to draw from the general stockhouse, that portion of the produce which could not be drawn from it by the producers.

By this explanation of the commercial movement, we may see that there are hardly any bounds to the increase of individual as well as public wealth; for if, on the one hand, the production is only limited by the pecuniary revenues of individuals, it is this very production, on the other hand, that is the source of individual pecuniary revenue.

Commerce, as we have just seen, is nothing but a medium, by which are continually distributed the fractions of pecuniary revenues, with one hand, which it receives with the other. If the commerce of a state should increase its annual purchases in an assortment of articles of the first necessity and of convenience, and if this assortment should be conformable to the annual exigencies of the population of this state, the merchant would only be obliged to make his advances but once; for, as we have before seen, this same money returns to him again; the increase in the pecuniary revenues, which is the consequence of the payment of the amount of the cost price.

to the producers, would permit these to increase proportionably their purchases of articles of consumption. A greater quantity of specie is not even necessary to supply this increase in the pecuniary revenues; first, because promises of money either at sight or after date, might supply, in a great measure, the place of a metallic currency, in the next place, because the rapidity of the circulation of money, first from the merchant to the individuals, considered in mass, as producers, next from the same individuals, considered as consumers, to the merchant, may in the same year, give birth to a proportionable increase in the produce, in the pecuniary revenues and in the consumption.

It now seems pretty clear why, and in what manner, commerce, by this almost unlimited increase of production and of pecuniary revenues, to which it gives birth, is a prodigious cause both of national and individual wealth, and that the wealth of the merchant and tradesman is but a very small fraction of the wealth which springs from commerce in general.

It may seem indeed surprising that such a powerful cause of the increase of wealth, should

only produce its effect in a small number of states, and that in others it should exercise an influence almost imperceptible.

It is not difficult to explain this phenomenon. It may be ascribed solely to two causes: 1st To the want of security for persons and property. 2nd To the great disproportion of fortunes. These two causes exist in every state that is governed more or less despotically, and where there is no representative government.

In fact, how could commerce excite production, by its advances to the producers, and distribute at leisure the produce among the consumers. If, living in a state ruled by arbitrary sway, the producer, weighed down by excessive taxations, and harassed by vexations, spoliations, is obliged to forego a large portion of his pecuniary revenue, the fruit of his production; his exertions are thereby paralysed, and production itself is consequently discouraged? How can commerce increase in a state, where the merchant himself may be in continual dread of being despoiled of the fruits of his long labours; where heavy taxes on the produce itself and vexations restrictions continually impede the commercial circulation which we have just explained?

Commerce only receives its impulse from consumption ; and it only excites the production of whatever it foresees there will hereafter be a demand for. If then , in consequence of a very great inequality in the division of pecuniary revenues , there be a greater demand for objects of luxury , than for those of the first necessity , the merchant himself will offer more money for articles of luxury , and the production of those of the first necessity will diminish ; or if they continue to be produced in the same quantity , they will only be considered as articles of exportation. In both these cases , the population of the state will be deprived of that which is no longer produced , or of that which as been exported , and then the commerce of this state , instead of being a source of wealth , becomes a cause of poverty and misery.

We may now clearly see the reasons why so few states possess a flourishing or an advantageous commerce. Further details on this subject , appear to us quite superfluous.

Now , that we have explained the theory of commerce in general , and have seen in what manner it becomes so powerful a cause of the wealth of states , independently of the profits which merchants and tradesmen derive from

it, we shall now examine whatever has a reference to external commerce.

If all the nations of the earth could properly understand their mutual interests, they would consider themselves as only inhabiting different provinces of the same empire and as forming but one nation, there would, in that case, be only one commerce, an internal commerce. But the avidity, the ambition and the ignorance, either of the people or of their governors, have given birth to enmities or rivatry which have separated states one from the other. In consequence of this fact and in the impossibility of being able to consider these states as forming one single whole, we are going to examine external commerce, not with reference to the general wealth of the globe, but in regard to such or such a state, considered in particular.

We shall see in the first place, that though external commerce may be the cause of great wealth, we should not, on that account, judge, as people generally do, of the increase of wealth that it procures for a state, by the increase in the fortunes of individuals who devote themselves to this commerce. Notwithstanding a contrary opinion very generally prevails, we think that it is not very difficult to prove that such

or such a commerce which procures for those who follow it but very slender profits, may, nevertheless, be a great source of wealth to the state; and that, on the other hand, large fortunes may be frequently acquired by a commerce, which in the end, is more injurious than beneficial to a state.

For instance, when African merchants sell Europeans in Asia, and when European merchants sell Africans in America, the fortunes, which they acquire by this abominable traffic, do not proportionably enrich these countries.

When merchants send arms, gunpowder and brandy to savage nations, they certainly increase their private fortunes, but so far from enriching these nations, they entail on them misery and destruction.

Lured by the prospect of gain, a foreign merchant exports from a country the corn, of which the population may shortly after stand in need, and even this last circumstance may be the means of enriching him, by giving him an opportunity of reimporting that very grain and selling it at exorbitant prices; thus his wealth will grow out of the public misery.

A foreign tradesman, as every other merchant, only finds an advantage in the overplus of the selling price of his commodities over their cost price; therefore the cheaper he buys these commodities, of his country men, and the dearer he sells to them the articles which he has purchased abroad; the more he enriches himself by these two circumstances. The national interest does not, certainly in this case, accord with the interest of the foreign merchant, for it is evident, that it is not interest of the state to sell its national produce at the very lowest rate, and to purchase foreign commodities at the highest price. An increase in the fortune of a foreign merchant would then be a very imperfect indication of a corresponding increase in the wealth of the state, since, as we have just seen, that, which is a cause of wealth to the merchant, is far from being one to the nation.

To illustrate this by an example, let us suppose a french merchant buys in France 5000 pounds worth of silk which, being sent to Russia produces 5500 L., all charges paid, and that he afterwards buys in Russia 5000 L. worth of corn, which, being sold in France, produces 5500 L. all charges paid: this operation give him a clear profit of 1000 L. If the russian merchant gave 4500 L. for the corn,

which he sold at 5000 L.; and sold the silk for 6000 L., which cost him 5500 L.; he will also have cleared 1000 L. by the same operation. Now, if the french merchant had been able to buy the silks of the Lyons manufacturers 500 L. cheaper, and if he had been able to sell the corn at 500 L. more to the french consumers, he would have gained by this transaction a double profit, but this double profit would have been a pure loss to the french consumers and producers. If, on the other hand, the russian merchant had been able to buy of his countrymen the corn at 500 L. less, and had been able to sell the silks for 500 L. more, he would have gained 2000 L. instead of 1000 L., but he would have obtained this augmentation of profit at the expense of the russian consumers and producers. We see, by this example, that we are not always to judge of the advantage that a state derives from its foreign commerce, by the fortunes acquired by those who are employed in this commerce. With respect to money, it was not necessary that any should have passed from one country to the other, in consequence of this operation. The russian and french merchants may have made such arrangements, that each might keep the sum arising from their respective profits, instead of making reciprocal remittances.

It

It is always the interest of the merchant to purchase articles of commerce where he can procure them at the lowest price. It is a matter of indifference to him whether these articles are produced by a home or a foreign industry; yet the purchase of articles of foreign manufacture, even at a lower price, than if these articles were manufactured at home, is very unfavourable to the wealth of a state, as we shall now make it appear.

Let us suppose, and this case comes very near to the truth, let us suppose, I say, that, owing to the low price of fuel, to the perfection in steam engines, in spinning and weaving machinery etc, England can sell its manufactured cotton 10 per c^t under that of France and that the same quantity of this same cotton and of the same quality of french manufacture, that cost 5 millions may be imported from England for 4,500,000 L. Let us see how the national wealth would be affected, in case that France drew this quantity annually from England, or purchased it from her own manufactories.

That our examination of this subject may be less complicated, we will lay out of view the value of the raw material, which, in both cases, will be always paid to foreigners by the two

Countries. If we estimate the value of the raw material at a million and a half, we shall see that there will remain, in the first case, that is in the case of a purchase abroad, after having paid for the raw material 3,000,000 L. to be paid by France to England for the manufacturing of this cotton; these 3,000,000 will be discharged by delivering to the English, different articles of consumption of an equal value, such as corn, wine, brandy etc.; these articles of consumption may have been purchased by the english families who had cooperated in this manufacture, and who had received a sum of money, equal in value to the commodities in question, in payment for this cooperation.

In the second case, that of a purchase at home, the french consumers will be obliged to pay half a million more, that is to say three millions and a half for the same quantity of work; but what an immense advantage will have been obtained at the expense of this small sacrifice. France will have obtained the same quantity of cotton, without being obliged to part with any thing. There will be a creation of three millions and a half of revenues for the laborious class in France; and the revenues of the class of consumers of manufactured cot-

ton, will be diminished by half a million only, which will have a clear balance in favour of France of pecuniary revenues to the amount of three millions, a sum, which will enable those who enjoy it, to purchase the three millions of produce, which France would have been obliged to deprive herself of annually, to pay for the foreign manufactured cotton.

It is evident that such an advantage, would surpass by far the inconvenience of the excess in price of 10 per cent: this excess would, in fact, be a species of tax, supported by the consumers of manufactured cotton: but this tax, very different from other taxes, instead of taking, as is frequently the case, from the laborious classes to increase the revenues of the unproductive class, would diminish, in a very small degree, the revenues of the class in easy circumstances, by creating revenues for the spinners weavers etc. and for their employers. Let us remark in fine that the same quantity of manufactured cotton would be obtained by France, not by the cession of any thing, but solely by the employment of the physical and intellectual faculties of her inhabitants; an employment, always beneficial, since it tends to the increase of the population, as well as to the national wealth and power.

We see then, that though the purchases of articles of foreign manufacture at 10 per cent cheaper than the same description of articles manufactured and purchased at home, may be the means of increasing the fortunes of merchants, these purchases may be a cause of real loss to the state, by paralyzing the different means of production, that it has at its disposal. To this cause may perhaps be ascribed, in a great measure, the present state of poverty and misery, to which Spain is reduced; to the same cause also may probably be ascribed the diminution in its population.

The foreign commerce of Russia, which enriches its merchants, is far from being a cause of wealth to the state. The reason is that this commerce supplies Russia with objects of a secondary degree of utility and with objects of luxury, at the expense of a cession, on her part, of a great quantity of articles of the greatest utility. What Russia annually deprives herself of in corn, hemp, tallow, &c. is enormous. If the articles of a second degree of utility, that are furnished by foreigners, were supplied by native industry, and distributed among the inhabitants by internal commerce; the articles of the first necessity of which we have just spoken, instead of being exported to maintain a

foreign population, would only pass from one province to another of the russian empire , would favour the increase of her population and would supply their wants. Its effective revenue would be increased by the whole amount of the saving, effected by the non-exportation annually of articles of real utility ; which articles of exportation transported by means of the internal commerce only , from one province to another would procure those same objects of luxury and convenience , then produced by native , instead of being supplied by foreign industry. These objects of luxury and convenience would , perhaps be somewhat dearer than they were before ; but the excess of price would be , as we have observed above , supported by the class in easy circumstances , and it would procure , as we have also observed before , an immense advantage to the native population , by enabling them to enjoy that part of the national effective revenue , which would have been enjoyed by the population of a foreign country if it had been exported by the merchants. Besides , from the frontiers of Sweden to those of Persia , Russia , possessing every climate , every kind of soil , all sorts of minerals , and its population , not yielding in physical and intellectual capacity to that of any other state , would only have to suffer , for a short time , from the in-

conveniences arising from the restrictions on the importation of articles of convenience and luxury; especially, if, by liberating the serfs and by the abolition of defective political institutions, which are the cause of the great inequality of fortunes, the national industry should make rapid strides.

As long as there exist in a country lands that are uncultivated, and hands that are idle or improperly employed, we should not consider this state as incurring any expense by the employment of these two means of production, to supply itself with whatever it wants; on the contrary when to procure things, frequently frivolous, it exports to foreign countries articles that would be of great utility in its own, this state spends really and spends improperly a portion of its real effective revenue, for without yielding any of its produce to foreigners, it would only have to make use of its own unemployed capital in land and hands, to obtain these commodities which it imports.

The several cases, which we have just enumerated, appear to us to prove clearly, that the profits made by foreign merchants, do not at all indicate the profit which the state derives

from their commerce, and that it is without reason, that the government or the people of any state, suffering themselves to be dazzled by the splendour of the immense fortunes acquired by foreign merchants, imagine that the public wealth has been increased in the same proportion. In respect to foreign commerce, the causes of the wealth of a state and of the merchant are, by no means, the same. The wealth of the latter is derived solely from the difference, to his advantage, between the cost and selling prices of his commodities, whereas the wealth that a state derives from foreign commerce, is produced by procuring a more extended employment of the different means of production which the state in question possesses, an employment which enables it to procure different kinds of produce, of which, without this commerce, it would be deprived.

We should admit as a principle, that a nation ought to supply itself, as much as possible, with the different articles of consumption, by the employment of its different means of production; that is to say, by the employment of its soil and its industry; because in this case it obtains these articles by this employment solely and without being obliged to

yield any thing to foreigners, to obtain them; whereas when this state purchases the produce of foreign industry it procures it, not only by the employment of the same quantity of the means of production, but also by a cession to foreigners of the mass of useful things produced by the employment of the means of production, which mass, the native producers themselves might have enjoyed.

We said, as much as possible, because certain products are obtained in greater abundance and with greater facility in some countries than in others on account of their climate and the nature of their soil; in these cases the rule ought to yield to impossibilities or to the great difficulty in procuring these products; but this rule should hold good in every thing that merely relates to human industry, because, whatever country he inhabits, man possesses nearly the same capacity and the same disposition to industry, and it is entirely owing to defective institutions if he does not turn this capacity to account.

External commerce, as far as it regards the wealth of nations, is therefore only necessary in reference to natural produces; but with regard to the productions of industry, they ought to

to be supplied in preference, by the industry of the natives themselves. If in order to find employment for its soil or its industrious inhabitants, a state is obliged to have recourse to external commerce, it is a proof that there is some defect in its political institutions, for there are hardly any bounds to the home consumption of agricultural and manufactured produce. This produce itself serves to increase the number of native consumers, and is, of course, a cause of increase in the internal consumption, but that this may be the case, it is necessary that the producers should have the enjoyment of their produce, and that each producer, by the cession of his own particular produce, may procure, without difficulty, other different kinds of produce, acquired by the labour of other producers.

It is for want of having thoroughly understood the true principles of commercial wealth in regard to nations, that most governments have adopted a system in reference to foreign commerce, which has given rise to a great number of wars and to hostile custom-house regulations. The system, we allude to is that of the balance of commerce in the precious metals. This system admits as a principle, that a nation only enriches itself in proportion to the

greater quantity of money, that enters annually into the country in question: this quantity of money, governments endeavour to procure, by exporting as much merchandise as possible and by importing as little as possible.

This is what has given birth to this erroneous system. It has been generally imagined, that a man was rich in proportion to the quantity of money that he possessed; without considering that his real wealth consisted in the mass of things capable of satisfying his various wants and his different desires, which mass of things he has, or might have annually at his immediate disposal. He may easily procure these things, without having contributed to their production, by the cession of a certain sum of money to those whose labours have produced them. A man may procure the sum of money annually which is necessary to obtain the mass of things that are requisite for the supplying his annual wants, by profits arising from commerce; that is to say by an excess in the amount of sales, which he has made to certain individuals, over the amount of purchases, which he has made from certain other individuals.

But neither of these rules can apply to a nation. It is almost impossible for a nation, solely

by ceding sums of money annually to other nations, to supply itself annually with that mass of things, capable of satisfying the wants of its inhabitants, without having contributed to the production of these very things, or to the production of other things, by the cession of which, these things might be procured. Even though a nation might procure this mass of things with money, it would be impossible for it to procure them year after year, solely by commercial profits, that is by an excess in the amount of sales to other nations, over the amount of purchases, made from other nations and not from itself.

It is clear that the whole mass of things, that serve to satisfy the wants of a nation, cannot be supplied, but by the employment of the different means of production that it possesses; either directly, by producing the articles of its consumption, or indirectly by producing articles of exportation, that might supply the former, and that the profits of its commerce might be considered as insignificant in respect to the mass of things, which are necessary to supply the annual consumption of the state in question.

It is then a great mistake to apply to a state

the same rules , that may guide an individual and to imagine that it is the excess in the quantity of money which is annually brought into the state , over that which is sent out of it, that is the measure of its increase of wealth, as we judge of the increase in the wealth of an individual by the excess of the money, that enters annually into his coffers by his yearly revenue , over the money, that is taken out of them annually to supply his yearly expenses.

After having exposed the erroneous system of the balance of commerce in the precious metals, a system followed by most governments, and in furtherance of which , they endeavour to cause a greater pecuniary value of merchandise to be annually exported than imported, in order to obtain a balance in money; we are now going to speak of an opposite system, that of a balance of commerce in money value , a system followed by the modern school founded by ADAM SMITH , which teaches that we ought, on the contrary , to endeavour that the pecuniary value of the imports should always exceed that of the exports in order to increase , according to the followers of this great political economist the amount of the value possessed by the state.

In support of this system, these authors say, that when a merchant wishes to estimate the annual increase in his fortune, he does not judge of it by the excess of the sums which he has received during the year, over those, which he has paid, that is by his balance in cash at the end of the year: for this balance in cash may be more considerable, without his having enriched himself; as it may be less, and still there may be increase in his capital: this merchant judges of the augmentation in his fortune, by the increase in the amount of the pecuniary value of every thing which he possesses. He ascertains this increase, by making every year an inventory of every thing that he is possessed of with the value in money of each article. Thus then, say these authors, a state ought not to trouble itself about the balance of its commerce in cash, whither it be in its favour or not, but wheter it has received, in the course of the year, a greater value in money than it has given, if, in fine, its inventory at the end of the year, presents a greater sum by an estimate of its pecuniary value than at the beginning.

Though it may appear to rest on a more solid fundation, yet this system is as erroneous as the preceeding one.

Why does a merchant judge of the increase in his fortune by an increase in the amount in money of the inventory of the merchandise which he possesses ? It is because that, in supposing the case of his wishing to retire from business, he would be able to realize a greater sum of money, a sum, which he would give to others, either for the purpose of acquiring land, or of deriving interest from it, which would give him a greater pecuniary revenue, which would enable him to enjoy or have at his disposal annually, without doing any thing himself, a greater mass of things capable of satisfying his wants and his various desires, to enjoy or have annually at his disposal a greater quantity of different sorts of utility, the only measure of any real augmentation in his wealth.

But a state cannot realize in money that which it possesses, to form a sum, which it might give to others, either to acquire land or receive interest from it, in order to enjoy or have annually at its disposal, without doing any thing itself, that mass of things capable of satisfying annually the national wants. It can only be supplied with this mass of useful things, as we have seen before, by the employment of the different means of production, which it possesses in itself.

The pecuniary evaluation of those merchandises which a state has in its possession, except the small quantity which it considers as articles of exportation, is of little or no consequence to it, for though all this merchandise should rise in price, the state in question would not be richer on than account; whereas, on the contrary, it would increase in wealth, if it had annually a greater mass of produce, though of the same amount in pecuniary value.

We therefore see that this system of the balance of commerce in pecuniary value, a system, which admits that this balance is in favour of the nation which imports a greater pecuniary value in merchandise, than it exports, is quite as erroneous as the system of the balance of commerce in the precious metals, which system, on the contrary, admits that this balance is in favour of the state that exports a greater pecuniary value, than it imports.

In what manner then does external commerce contribute to the wealth of the state.

To elucidate this question, let us suppose, and which is generally the case, that a nation be composed of three great classes, the agricultural, the manufacturing and the commer-

cial, and that through the medium of this last class, each of the other two may procure those kinds of utility, of which they stand in need, by the cession of those useful articles which these two classes produce over and above their own consumption; we shall see that in this case the nation will enjoy the whole of its national revenue in different kinds of utility.

Now let us suppose that the agricultural class, for some motive or other, from a trifling economy perhaps, demands annually of the commercial class, certain articles of foreign manufacture, instead of supplying themselves with the same kind of articles, manufactured at home; in payment for these articles, the agricultural class will yield to foreigners a certain portion of the revenue of the state in agricultural produce, instead of ceding it to their countrymen; foreigners would have the enjoyment of this revenue instead of the natives.

On the other hand, the manufacturing class, deprived of the demand for the manufactured articles in question, and consequently of the payment of the price of production, which forms its revenue, finds itself deprived of the enjoyment of different kinds of utility, which this revenue would have procured, and by this means its wealth is diminished. We

We think then that every annual exportation of agricultural produce of the first necessity, which serves to pay for articles of foreign manufacture, is a real loss to the state; consequently, we ought always, unless it be attended with serious inconveniences, to endeavour that merchants, by purchasing home, instead of foreign manufactured articles, should make natives instead of foreigners enjoy the agricultural produce of the country: the quantity of which produce is always limited in every state by the quantity of its productive land.

With respect to the manufacturing class, its produce has, as it were, no bounds since, by means of its manufactured produce, it may purchase of foreigners, articles of food in sufficient quantity to increase its population and consequently to increase still further its means of production, scarcely without any other limit than the quantity of food with which it can be supplied by all the land in the world, without ceasing; on that account, to supply the natives with the quantity of manufactured articles that their different wants may require. Besides, most states, either on account of their climate or of the nature of their soil, are often deprived of certain agricultural produce which are however very useful. In that case, the foreign

commerce of these states may easily supply them with this produce by the cession of a certain quantity of manufactured produce, which the manufacturing class can supply over and above what may be required for home consumption.

The sum of this chapter is, 1st that external commerce is a great cause of wealth to a state but that it is not from the increase in the wealth of foreign merchants, that we are to judge of the public wealth, which they procure for the state.

2nd That we ought not to require to be supplied by foreign commerce, with those articles, which the soil, native industry and internal commerce can, without much difficulty, supply.

3rd That it is not by the balance in the precious metals which are exported or imported, nor by the balance in the pecuniary value of articles exported or imported that we are to judge whether foreign commerce is favourable or not to a state.

4th That the balance of commerce is in favour of a nation, if, the pecuniary value being

the same, it imports articles of the first necessity in exchange for those of luxury, because in that case, this state would possess a greater sum of utility, than it did before, and that it is this difference, that makes the balance in its favour.

5th That the exportation of agricultural produce is, in principle, a circumstance unfavourable to the wealth of a state, since the home consumption ought to absorb the whole of this kind of produce, unless there be some defect in the political institutions of this state, to prevent it.

6th That the importation of foreign agricultural produce of the first necessity, is advantageous to the state, especially if it be paid for by means of the home manufactured produce.

We think that this theory of external commerce will appear simple, and its principles evident. However, in their application, these principles should not be followed in an absolute manner. They should be modified according to existing circumstances, peculiar to each state; but we think that people ought to endeavour to come as near to these principles as

possible, because then external commerce would be, at the same time, a considerable source of wealth to individuals, without any risk of its being an equivocal source of wealth to the state.

CHAPTER II.

On the revenues produced by internal Commerce.

ALTHOUGH the contrary opinion has been frequently advanced, internal commerce exercises a much greater influence on the wealth of nations and on that of individuals, than external commerce.

If we consider the sum of utility and the amount of the pecuniary value of the articles, of which internal commerce stimulates the production and which it conveys from the hands of the producer to those of the consumer, this commerce is of far greater importance than foreign commerce.

The profits acquired by those who are engaged in internal commerce, being generally more distributed, make less shew than those obtained by foreign merchants, but taken in mass, they are infinitely more important.

We may besides make a very essential observation; which is, that in the greater part of the European states, with very few exceptions, every article of the first necessity, that is to say, whatever possesses the greatest utility, is due to native industry and forms the basis of internal commerce; whereas, in general, foreign commerce introduces those articles only, which, may be considered, with a very few exceptions, as objects of refinement or luxury. The agricultural and manufactured produce of the East and West Indies, are almost all of this description.

Thus then the amount in pecuniary value of the articles furnished by external commerce, besides being small compared with the amount, in the same value, of the articles supplied by internal commerce, gives still too high an idea of the sum in effective utility of the articles of consumption, which foreign commerce supplies.

Let us return to internal commerce.

Thus, as we remarked before in speaking of external commerce, it is necessary to make a distinction, between the object, that the merchant or tradesmen has in view, and the effects

produced by commerce. The object of the merchant is generally to get money by taking advantage of the difference between the cost price of an article and its selling price. He does not concern himself about the nature of the article itself, nor its degree of intrinsic utility. His object, generally speaking, is to sell his commodities at a higher price, than that which he gave for them. If he thinks of the good that may result to others from his operations, it is not as a merchant, but as a moral man. We wish only to point out these differences, and the real object of the tradesmen.

With regard to the effects of commerce, we must also distinguish between those which it has on the national, and those which it has on individual wealth ; for such or such a branch of commerce, which enriches an individual, may sometimes produce very little advantage to the state ; whilst , on the other hand, another branch of commerce may produce very little profit to those engaged in it, and nevertheless, be a very considerable cause of national wealth. The commerce of speculation may furnish an example of the first case, and that of the less important articles of consumption, may supply an instance of the second.

It has been well observed that a speculator is useful, because he takes out of the market a commodity, that has fallen to a very low price, owing to its superabundance, to bring it forth again when a rise in its price proves the wants of the consumers. But this is only looking at the object on its brightest side. The fact is, that a good speculator only makes his purchases, when he foresees a scarcity; in that case his purchases add a factitious, to a real scarcity; the evil is thus aggravated and the fortune of the speculator increases by the public misery. If, on the contrary, he foresees an abundance he empties his warehouses immediately; and the producer, finding the market glutted, with his products, is obliged to sell at a great loss. The speculator escapes the loss, which the producer sustains with circumstances of aggravation. It is unnecessary to mention how much, in both cases, the public wealth suffers from this increase in individual wealth.

But generally speaking the effect of commerce is to increase, in a very great degree, the production of useful things.

If the agriculturist and the manufacturer were to wait for the consumer to come and purchase their produce as he wanted it, how much

much would this produce suffer from this inconvenient and dilatory mode of disposing of it? But the merchant, and tradesman by purchasing large quantities at a time their produce, by transporting and placing it within the reach of the consumer, and by retailing it to him in proportion to his wants, render a service both to the producer and to the consumer; whence result, at the same time, a greater produce and a greater consumption; that is to say an increase in the revenue of one and an increase in the enjoyment of his revenue by the other.

We are not to blame the merchant, if, by the direction which he gives to his purchases, he encourages the production of frivolous things, or objects of little utility, rather than of things that are necessary or of great utility. A merchant invariably purchases those commodities, by the sale of which, he can make the greatest profits, and if, in consequence of the great disproportion in fortunes, frivolous things find purchasers at high prices, whilst things of great utility can only be sold at very low prices, the fault is solely in the institutions which cause this inequality of fortunes, and not in the merchant, who can only follow the impulse given by the society in which he happens to be placed.

A prudent merchant or tradesman ought however to prefer dealing in articles of a very great utility, rather than in those of luxury or of mere fancy, although articles of the last description sometimes offer very great profits, they however, generally expose the dealers in them, to heavy losses, owing to the fluctuations that take place in taste and fashion, whilst there are few chances of losing by articles of general utility.

There are very few kinds of commerce that do not present, at the same time, chances of loss as well as of gain; but he is the best merchant who calculates his operations, so as to lose as seldom and as little as possible, and to gain as much and as often as possible.

We may, it is true, gain a fortune in a short time by means of gigantic commercial operations, or by dealing largely in articles subject to great variations in their pecuniary value, but whoever respects himself, ought to avoid these great chances, which perhaps might place him in such a situation, as to render him incapable of satisfying his engagements, or might injure his credit; and as credit is a means of acquiring a fortune, we infer that prudence morality and moderation in commercial affairs

are guides which a merchant should follow in the road to wealth.

A merchant may possess two sorts of capital or two sources of revenue, material and immaterial capital. The first is money, merchandize, etc. The second is activity, order, a capacity for business, commercial knowledge, credit, connexions etc. When we unite these different sorts of material and immaterial capital, we have a much better chance of success.

Commerce presents different sources of revenue, not only according to its different branches, but according to the situation, that we hold in it. We may act on our own account, or we may be agent for another. In this last situation, we may direct by our intelligence, or execute by physical force whatever has a reference to commerce.

Those who are employed in a commercial establishment on account of their intelligence, are more liberally remunerated, than those who only possess physical force, because there is a greater scarcity of the former capital than of the latter. When a person is in business on his own account, he can gain more, than when he is acting for another, because this last case,

requiring less capital than the first, there is a greater competition, which is the cause why the salary attached to these situations is not very high; besides the employers incur the risk of losses, from which the employed are exempt. Facts corroborate these principles. The heads of commercial houses gain more than the clerks, because the former act on their own account, and the latter, on account of another; these again, gain more than the warehousemen, porters, etc. because these last are only paid for the employment of their physical force, whereas the others are paid for the employment of their intellectual capacity.

The commerce which encourages the production and causes the distribution of articles of great utility, or of the first necessity, being more favourable to public wealth, than that which promotes the production of articles of less utility, or, in other words, objects of luxury, we ought, in preference, to devote ourselves to that kind of commerce, which has for its object, the furnishing articles of the greatest utility, if we wish that our fortunes should be accompanied by an increase in the fortune of the state. Those, who speculate, monopolize, or enjoy exclusive privileges may enrich themselves, but their wealth, thus acquired is detrimental to the wealth of the state.

We have already remarked that commerce was the medium by which the useful commodity of the producer, was brought within the reach of the consumer. On the one hand, the producer wishes to convert immediately into cash a great quantity of a single product, whereas, on the other hand, the consumer has generally occasion for a small quantity, at a time, of different sorts of articles of consumption; wholesale and retail commerce arose from this state of things. The retail merchant or rather tradesman sells, at the same time, different sorts of articles and in small quantities. This sort of commerce suits those persons who have but small capitals, because on the one hand, they may regulate the assortment of their shop, according to their pecuniary capital or their credit, and on the other, they generally dispose of their goods for ready money or on short credit, the profits are more limited, because there are a greater number of competitors; besides, retailing their commodities in very small quantities, their profits are, on than account also, very small, but then, on the other hand, they do not incur so great a risk of contracting bad debts.

The profits of the wholesale dealer arise from the circumstance of his purchasing large quan-

tities of goods at a time: he can procure them at lower prices than the retailer; but the latter being nearer to the consumer, and furnishing him with the quantities that he has an immediate occasion for enables him to obtain a higher price still.

The want of sufficient capital explains the reason why the retailer is not, at the same time, a wholesale dealer; but it may perhaps be asked why the wholesale merchant is not also a retailer, in order that he might cumulate the profits arising from these two sources. In order to effect a mass of sales by retail of any importance he would be obliged to deal in a great number of different articles; it would be necessary then for him, in order to be a retailer, to be a wholesale dealer in a great variety of articles. If then he divides his capital, by vesting it in large quantities of different commodities, he would be unable to become a wholesale dealer in each of them, and consequently he could not enjoy the advantages, which he possessed in this quality. Besides, selling by wholesales to the retail dealer, the importance of his sales, would give him on the whole greater profits, than if he troubled himself with the sale by retail, a sale that would be too slow to enable him to realize his purchases of such large quantities.

CHAPTER III.

Of the Revenues arising from Colonial Commerce.

THE Commerce with the Colonies partakes both of external and internal commerce.

This commerce is not carried on with foreigners, yet it is subject to several laws that govern foreign commerce, and does not enjoy all the advantages of national commerce. No duties are exacted for the introduction of produce from one province of the same country into another. The oil of Provence pays no duty on its arrival in Normandy. The corn of the Islands of Rhe and Oleron is admitted into Provence, duty free. This is not the case in regard to the Islands of Martinique and Guadeloupe.

The mother country is compelled to purchase of her colonies those articles, called colonial, in consequence of duties, amounting almost to a prohibition, laid on the same articles, imported from other parts.

On the other hand, the colonies are obliged to purchase from the mother country, all European articles.

This system of colonial commerce is extremely vicious; it injures alike the mother country and the colony. Before we point out the vices of this system, which will be no difficult matter, we will explain why it exists; for it ought to appear surprising, that what is neither beneficial to the one or the other, should continue to exist.

The very predominant opinion that the wealth of a state, like that of an individual, is always in proportion to the quantity of gold and silver that it possesses, has, from the time of their discovery, caused a great importance to be attached to the possession of the tropical countries of America, for they contained abundant mines of these metals.

At a later period, the great riches; that St. Domingo poured into France, by its produce in coffee, sugar, cotton, indigo etc. did not expose to the French nation the errors of the system, that a greater quantity of gold and silver, was the sole indication of an increase in wealth, and it was imagined, that if it was not directly

directly by its mines, that St Domingo increased the quantity of gold and silver that France possessed, the same result was obtained indirectly, by the sale of the produce of this colony to foreigners for money, which made the balance of commerce in favour of France, a balance always considered in reference to the precious metals. People did not imagine that these colonial produces, earnestly sought after by all Europe, procured definitively for France, not money, but manufactured cotton, spices from the East Indies, silk, oil etc. from the south of Europe; timber, hemp etc. from the North, real riches which France received annually in exchange for the value of the annual produce of St Domingo, over and above the portion of this produce, which she kept for her annual consumption. The quantity of money that remained in France, in consequence of its colonial commerce, was very trifling; the greater part of it being absorbed by its commerce with the East Indies.

The great fortunes amassed by the colonists and those who trafficked with them, though, in a great measure, due to the profits made in the interior, contributed to perpetuate the illusion, that it was the gold and silver of foreigners that formed this wealth.

Nothing was then neglected to acquire this balance of commerce in money so much desired.

Fortresses were built in all the colonies; garrisons were sent out; ships of war were launched; bloody battles were fought both by sea and land, for the possession of an island, or for a small portion of one; for a little corner in America, or for a province in India. In fine torrents of blood were shed, immense means of production were converted into means of destruction, solely in consequence of a single error concerning the real sources of the wealth of nations. The error of believing that it consisted in the possession of the precious metals.

America was sufficiently large to contain all the Europeans that might have wished to establish themselves there. The division of Poland was an iniquitous measure, and not attended with much advantage, that of America would have been less immoral and attended with immense advantages. Instead of forts and garrisons, it would have had commodious habitations and peaceable cultivators; instead of torrents of blood being shed, the population would have increased; instead of enormous destructions, there would have been immense productions.

War is still carried on, on account of the colonial system; but it is only now by armies of custom-house officers. The inconveniences that result from the trammels, in which the commerce of nations is held, in consequence of this continual state of reciprocal hostility, are too evident and have been too well explained by different authors, for me to dwell on them.

It is pretended that all these taxes or customs, these restrictions and these trammels protect at the same time, the colonies and the mother country. Precisely the reverse of this is true. On the one hand, the colonist complains with reason; that these rights, that this monopoly which the mother country exercises, compels him to raise the price of his produce, which has the effect of rendering the sale of it more difficult. He might, if he were permitted, purchase of foreigners the articles that he has occasion for, at a lower price, and, in that case, he might also dispose of his produce at a more moderate price. This system of restraining the direct commercial intercourse between the colony and foreigners is so vicious that the governors of the colonies are compelled, at every instant, to derogate from it. They are frequently obliged, under one pretext or another, to

admit foreign wessels laden with articles of which the colony stands in need and to allow the colonist to export, in return, the produce of the colony; so that when a ship arrives from the country to which the colony belongs, at such a conjuncture, she cannot sell what she has brought, nor procure what she came for.

For France especially, whose consumption is immense, and whose maritime commerce might be rendered so extensive; these restrictions, which are the effects of the colonial system, are attended with very serious consequences. Three or four petty colonies are far from giving sufficient employment to her sea ports. If her merchants could purchase, in every part of the world, the articles of consumption that France requires, they would be able to furnish articles, the produce of french industry in every part of the world; this would procure immense advantages to the consumers, to our manufacturers and agriculturists and to her maritime commerce.

But the interest of so many individuals are connected with the continuance of the colonial system, that it will probably last for a long time, notwithstanding it so essentially injures the national interest. The number of those em-

ployed, whether in a civil or military capacity, both at home and in the colonies, who derive their revenues from this system, and the enormous fiscal revenue that it produces, will secure for it at all times, a host of apologists, rendered eloquent by self interest: and we ought to acknowledge, that if such a system is injurious to the public wealth, it is very favourable to the particular wealth of a great number of individuals.

CHAPTER IV.

Of the revenues arising from Agriculture.

WHEN we consider agriculture as a source of wealth, we should distinguish the different pecuniary revenues of individuals which it procures, from the effective revenue in different sorts of useful production with which it furnishes the state; for it is the quantity of useful production, annually supplied by agriculture, which shews in what proportion it contributes to the public wealth; whereas the pecuniary revenues of the landlords, farmers and labourers, only point out the share which each of them may obtain in the general mass of articles of consumption, a share which arises from a more or less unequal division among them, of the sums of money arising from the sale of the agricultural produce.

It is very essential to make this distinction, because many persons imagine that the real net produce of agriculture consists only in the excess of the sale price of agricultural produce,

over its cost price. They say, for instance, if the sum of 100 L. has been paid for seed and labour of different kinds, to obtain 100 sacks of corn from a given quantity of land, and that the sale of these 100 sacks produces 150 L., the net produce of this piece of land to the state is 50 L. resulting from the difference between the cost price of 1 L. and the sale price of 30 S. for each of these 100 sacks. They say further, that if this same piece of land, by the means of better husbandry, should yield 125 instead of 100 sacks, but that the increase in the expense made the sack of corn amount to 25 S., there would only be the same net produce to the state. These 125 sacks being sold at the same price of 30 S. each, would yield, it is true, the sum of 175 L. instead of 150 L.; but these 125 sacks cost in expense of production 125 L. instead of 100; the sale, say they, would not derive any advantage from this increase in price, because there would always be the same profit of 50 L. from this piece of land.

We are far from being of the same opinion. We think that in the case of an improved cultivation, there would be a greater quantity of a useful commodity produced: there would not only be an increase in the mass of effective national revenue in objects of utility, but there

would also be an increase in the amount of pecuniary revenues in the state, even though there be no greater excess in the amount of the sale price of the produce, over its cost price.

The following are the reasons upon which we ground our opinion. It is in the first place evident, that in the case above cited, since there is an increase of 25 sacks of corn in the annual produce of the piece of land in question, there is an increase in the quantity of useful production furnished to the state annually; for even in the case of this quantity of corn exceeding the consumption of this state, if it is not of any service to it as an object of consumption, it may be useful as a means of acquisition, by considering it as an article of exportation; by which means, it would be converted into objects of utility for the interior. This mass of useful things either in kind or converted into some other article is not lost; it comes, in addition, into the hands of somebody, and these hands are precisely those which have caused this increase of produce, because the additional sum of 25 L., paid for the surplus labour and improved cultivation, that were bestowed on the piece of land, to those persons, who cultivated it, procured for them a surplus

surplus in their pecuniary revenues , which enabled them to purchase either the surplus produce itself, or some other useful production in the interior, or lastly, articles of foreign growth , such as tea , coffee , sugar , cotton etc. , into which the surplus corn has been converted , through the medium of foreign commerce.

We see then , by this example , which may be extended to every other case of a similar nature , that , though the pecuniary revenue of the landlord do not , in certain cases, receive any increase , in consequence of a greater , but a more expensive produce , there is really in the state , in these cases , not only an increase in the national revenue in utility , but also in the mass of pecuniary revenues of the citizens of this state , that is to say , an increase in the public , as well as in private wealth.

The advantages or inconveniences of great and small farms have been frequently discussed. What we have just explained , throws considerable light on this subject. It is agreed on all hands , that a given quantity of land produces more , when divided into small farms , than if it were held by one individual. It is therefore evident that in respect to the public wealth , and to the pecuniary revenues of individuals ,

small farms are preferable to those of a large extent. These, it is true, may be a source of greater wealth to the landlord and farmer, because the cultivation being on a large scale, there is an economy of human labour; but this profit being wholly detrimental to the laborious classes and to a greater production, it is essentially injurious to public and private wealth.

Nature having given gratuitously the earth to man, it would seem that its produce should be divided only between those who direct, and those who execute the labours of agriculture: but originally the strongest seized this powerful means of production, given by nature; the cultivators of the soil were obliged to give to the owners of the land, a greater or less share of the produce due to their labour. The insecurity that would result from the disturbance of the perpetual right of the first, or of the strongest occupant, would be attended with such serious inconveniences, that laws have always protected the right of permanent property in land, although the first title to it may have been obtained very unjustly. The share, which the landlord obtains in the produce furnished by the land and agricultural industry, is grounded on reasons of social order, rather than on incontestable right. It is not that we

do not acknowledge , how much this right of property in the land is advantageous to the state , since it is the landed proprietors who have the greatest interest in the maintenance of social order ; but we do think that the principle on which rests the right to this property , should never be forgotten , in order that endeavours should be made to render this right as little onerous as possible to those who really cooperate of themselves in agricultural production , either by their physical or intellectual labours. It is in virtue of this right of property , that the landlord obtains a *rent* that is to say, the share, which the proprietor receives from the annual produce of the land , either in kind , or in money arising from the sale of a portion of this annual produce.

The abuse of this right of property is the principal cause of poverty in states. It is excessive rents , that chiefly arrest the natural tendency of nations to increase their population and wealth. Wherever the share of the proprietor in the annual agricultural produce is excessive, and consequently that of the cultivator of the soil very small , we see a diminished and miserable population : wherever on the contrary , we see the farmer and labourer have the largest , and the proprietor the

smallest share, there is a remarkable increase in the wealth and population of the state. Turkey, Russia and Barbary furnish examples of the first case. The Netherlands and the United States of America are examples of the second.

A land tax is a real share in the rent. This tax is the most equitable of all, since the primitive right to rent is founded on the right of the strongest, a right which a government might exercise with as much justice as any individual whatever; but as we have just seen, high rents being very prejudicial to the wealth of the state, an excessive land tax would have the effect of causing landlords to exact high rents; on this account, this kind of tax raised to a high rate, would be very unfavourable to the national wealth,

But where rent is very high from natural causes, where the share of the landlord is much larger, than that, which is left for those who labour; that is to say, in cases where the produce being chiefly due to the sole force of nature, the share of the proprietor is naturally greater than that of those who labour; the land tax bears less heavily on those who work and consequently is less injurious to the national

wealth. For example a high tax on forests, and meadows would be less injurious, than on arable land, especially if it be of an indifferent quality. In the first case, the revenue of the proprietor only would be diminished, for he or his farmer would always be obliged to employ woodwards, and mowers, whilst in the other case, the cultivation of arable lands, that are not very fertile, would be abandoned, and there would be, at the same time, a diminution in the amount of useful annual production and a reduction of the revenues both of the landlord and farmer.

When we speak of the high rate of rents, we only mean the high proportion of the share, which the landlord has in the whole agricultural produce of the farm. But if, in consequence of any improvements, the total produce of the farm should be increased, the rent may be raised without injuring the productive class; their share increasing in the same proportion as that of the unproductive class. It is only when the share of the landlord increases disproportionately in the division of the whole agricultural produce, that high rents are injurious to the public wealth; because in that case only, the productive class becomes poor and discouraged. It is the high *proportional* rent;

and not the high *effective* rent, obtained by the landlord, that is really injurious.

We should remark also that rent may appear to rise, whereas in fact, it may continue the same. This is the case, when there is a permanent increase in the money value of agricultural produce; then rents are advanced, but it is only nominally, the proportions are not changed. There is the same amount of useful production furnished by the farm. The farmer, it is true, obtains a larger sum of money by the sale of his produce, but he also gives a larger sum in rent to the landlord and by this means, the proportion remains the same. The public and private wealth remains nearly the same, notwithstanding these changes; for the revenue in useful production to the state, is neither increased nor diminished. The chief part of every person's expenditure consisting in purchases of agricultural produce, more or less modified subsequently by different trades; the increase in the pecuniary revenues of the farmer and landlord will occasion but very little change in their effective revenues, that is, in the sum of utility, which their pecuniary revenues, though increased, may procure to them, because the price of the greater number of the articles, which they want to purchase, has also advanced.

Many authors pretend that agriculture only contributes to the national wealth in proportion to its net, and not to its gross produce, and they understand by net produce, the excess of the sale price of agricultural produce in money, over its cost price. We are not of this opinion, which would make us suppose that the net agricultural produce consisted only of the profit made by the proprietor, or the farmer, by the sale of the different products of his land or farm.

The real net produce of the soil, is the whole of the harvest or vintage, and not that part of it which comes to the landlord after those who laboured had received their share. For example, the mean produce of a vine-yard being 12 pipes of wine of the mean current price of 6 L. the pipe, this total produce may be divided, according to the custom of the country, into three equal shares; viz: 4 pipes for the proprietor of the vine-yard, who furnishes presses, cellars and different sorts of instruments and supplies manure etc; 4 pipes to the labourers in the vine-yard; and 4 pipes to the farmer who superintends and directs all the different operations that the production of wine requires. Generally speaking, instead of receiving his share in kind, of the total produce,

each prefers that the farmer should sell this share and give him the amount in money, that he may be able to chuse other kinds of commodities. The whole produce is always divided, but only in different proportions, according as circumstances affect the bases, interest of money, the price of labour and the competition of farmers. It is easy to see, by this example, that the produce of the vine-yard in question is really 12 pipes of wine and not 4 pipes the landlord's share in the division. This share might have been 3, 6 or 8 pipes without its making any difference in the real wealth or effective utility produced annually in the state; only that the more the proprietor receives for his share and the more the lot of those who labour, is miserable, the less the public wealth is benefited by this state of things.

The territorial revenue of a state ought not then to be estimated, by the total amount of the rents, but by the amount of useful production by the land, and we may ascertain this amount of useful production with a certain degree of precision by the amount of the pecuniary value of the whole of the territorial produce of this state. We may however say that this sum of money gives a pretty exact idea of the sum of utility supplied by agriculture, because

because, generally speaking, agricultural produce possesses a great utility in proportion to its price in money. We should not adopt the same method in estimating utility, if we had to estimate the amount annually produced by manufactures, because among manufactured articles, there are many, that may be considered as objects of luxury, that is to say, of a very small degree of utility, compared with their price in money, a price which those who purchase them only consent to give because their large pecuniary revenues, having first enabled them to procure what was more useful, they have still an excess of revenue which they may employ in purchasing things less useful, or even frivolous things, which notwithstanding cost a high price; and in that case the amount of the pecuniary value of these objects, gives too high an idea of the sum of their effective utility.

It must be allowed that agriculture contributes in the most powerful and important manner to the wealth of a state. Though the part, which it contributes to the quantum of useful annual production in a country, is immense, yet we do not go so far as some authors, who say *that the only productive class in society is the agricultural, and that all those who are*

employed otherwise than in agriculture, should be ranked in the unproductive class ()*.

Certainly we owe to agriculture the corn, of which bread is made; the wood, that supplies our furniture, and the flax, from which linen is manufactured; but it is easy to see that what constitutes the enjoyment of man, what, according to the definition of these authors themselves, constitutes real wealth, is not the corn, the wood and the flax, but the bread, the furniture and the linen. The product is begun, it is true, by the hands of the agriculturist, but this product is, by no means, complete until it comes out of the hands of the baker, the joiner and the weaver. Besides, who can trace the limit of what may be called agricultural labour and of what may belong to another class? If the vintager who makes wine, is to be considered as an agriculturist; we must also range in the same class, the person who makes oil; he extracts from a fruit or a seed, a liquid useful to man, as well as the vintager. By following the principle of the economist, the vintager would be ranked in the unproductive class; the material production having

(*) Physiocratic. Pages 45 and 46.

ceased, when the grape has finished growing; he should then, by adhering rigorously to their system, be numbered among the class of artisans who only manufacture any agricultural product; an unproductive class according to these persons. He, who cuts the corn and he, who thrashes it, are they more agriculturists than he, who grinds it, or than he, who makes it into dough and bakes it? Where does agriculture stop in the conversion of flax into linen? Is it at the moment when the flax is gathered, or when it has been steeped, or when it has been submitted to the operation of the hackle; when it has been combed, or lastly when it has been spun?

The fact is, it is not the material product but the useful product, that is the real production of wealth.

A good cloth coat may be ranked in the class of objects that make a part of the wealth, that contributes to the enjoyment of man, to employ the expression of the economists themselves. Who are those that have contributed to the production of this article? The shepherd, the shearer, the carder, the spinner, the dyer, the weaver, and lastly the tailor, in whose hands this useful product has been completed.

Each of these persons has contributed to the production of this useful article in its final state. To rank some of them in the productive, and others in the unproductive class, as the economists do, would be committing an error, that would place us in a labyrinth of difficulties, from which it would be impossible to extricate ourselves.

The revenues furnished by agriculture are divided among three classes of persons; viz: the landlords or proprietors of the soil; the farmers, who direct the operations of agriculture, and the labourers, employed on the farm by the latter. Sometimes the same individual belongs to two and sometimes to these three different classes. For instance, the proprietor may cultivate his own land himself; by which means, he will be proprietor, farmer and labourer, or he may be proprietor and farmer, or farmer and labourer. But notwithstanding this accumulation of employments, we deem it necessary for our purpose to examine separately the causes of the greater or less portion of the revenue which, in the division of the whole agricultural produce, becomes the share of each of these three classes; for in the contest which regulates the price either of rent or of labour, it is the proportionnal scarcity either of land

to be let, or of persons possessing the necessary requisites to become farmers, or lastly of agricultural labourers, which enables these different individuals more or less to give the law.

In countries, where the landed property is very little divided, the lot of the farmer and labourer is much less favourable, than in countries where the landed property is more divided, because, where there are fewer landed proprietors, it is easier for these landed proprietors to give the law to the farmers.

We should also remark that in the division of the agricultural produce between the landlord, the farmer and his labourers, that the share of the first is greater in proportion as the produce in question requires the employment of less labour on the part of the farmer. Thus the owner of a meadow can let it on condition that the farmer pay him four fifths of the produce either in kind or in money; whereas corn land is let for half the produce and a vine-yard only for a third, or even a fourth of the produce. The reason of these differences may very easily be accounted for.

To the production of hay, nature has contributed very considerably and the industry of

man, very little; and as the landed proprietor, if not in right, at least in fact, represents nature, his share ought to be greater than that of the farmer. •

In the production of wine it is quite different. The wine requires several laborious operations besides the vintage and the conversion of the grape into wine. The cooperation of human labour in the production, in the last case, is much more considerable than in the first. The proprietor, who represents the force of nature, ought to have a much smaller share in the division of this produce, than the vintager, by whose laborious exertions the wine was produced. It is quite the reverse in regard to hay; the force of nature, represented by the proprietor, contributed much more to this production than the farmer; the share of the latter in this produce ought then to be much inferior to that of the former. The rate of rents paid in kind, is in unison with this theory.

Where land is rather barren and a mine not very rich, the productive force of nature having contributed very little to the ultimate produce, in proportion to the productive force of human industry, the share of the proprietor of the force of nature, that is, of the soil,

ought to be very small, and is often reduced almost to nothing. This is the case where the proprietor of barren lands, only exacts a rent for form's sake and merely to prove his right of property.

It is always advantageous to wealth, whether public or private, that the landlord should farm his own property, that is, that he should superintend and direct the agricultural labours of his own estate. Agriculture may be considered as a real manufacture of certain products. The cultivation of a vine-yard is a manufacture of wine; that of a plantation of olive trees is the preparatory labour of a manufacture of oil. Pastures and sheep and cattle-folds are, in some measure, workshops necessary for the manufacturing of meat, butter, cheese etc. What should we say of the proprietor of a manufactory, who seldom visited it, but always abandoned it to the care of a foreman, even supposing him to be interested in the establishment; neither the manufactory nor its owner would be likely to prosper. The same holds good in regard to the labours of agriculture, which invariably suffers from the absence of the master.

He who first cultivated a piece of land, had

certainly the best right to say, this land is mine. This is the real primitive equitable right to the property of the soil. It was only superior force, combined with injustice, that could have dispossessed the first cultivator or his successors. The laws give to government the right of dispossessing a proprietor on account of the public good, but never without a previous and equitable indemnity. He, who does not cultivate the whole of his land, may be rightfully ejected from that part which he leaves uncultivated, for he injures the state, as it is a matter of public utility that all the lands should be cultivated. The great landed proprietors of Bohemia and Hungary say : why should we concern ourselves whether all our lands are in cultivation or not? The part, which is cultivated, brings us in immense revenues, why trouble ourselves about the rest? That is our affair only. No, that is not your affair only. If you do not give yourselves any concern whether large tracts of country remain uncultivated and without population, it concerns the state, that these same tracts should produce abundant crops and maintain a numerous population. The public and even individual wealth rightly understood, would be benefited by a tax laid on all uncultivated lands, forming part of vast territorial properties. Although these lands might not however furnish
sufficient

sufficient produce , to be divided between the cultivator and the proprietor , yet they might supply a sufficiency to maintain the cultivator and his family. But this tax should be exclusively appropriated to premiums for the encouragement of agricultural improvements , and to the making , improving and keeping in repair the roads in the neighbourhood , in order to obtain more directly the end , that those who impose taxes should have in view , the public prosperity.

Many persons imagine that , when land is incapable of furnishing what they call a net produce , that is , a surplus which supplies the landlord with a rent and a tax to the government ; this land contributes nothing to the wealth of the state. This is an error. Even though this land should be so barren as to supply only a maintenance to him , who cultivates it , this revenue in addition , how small soever it may be , would be an increase in the public wealth , which is nothing else than the whole mass of the effective revenues of individuals.

But since from various causes , it is difficult for the proprietor always to farm his own land , and since it is generally established that the produce of the land should be divided be

tween the unproductive landlord and the laborious cultivator; it is necessary for the public wealth that the share of the former should not be too large, and consequently that of the latter too small; for it is essential that the class of cultivators should have a sufficient share to enable them to maintain themselves in a situation that would place them out of the reach of poverty and capable of favouring the increase of its population and its wealth; for this class is the basis of the national wealth and force.

But the class of cultivators is itself subdivided into two classes: 1st The farmers who direct the agricultural labours of the farm, and who generally possess the necessary implements of husbandry, cattle etc. 2^{dly} The workmen of the farm: care should be taken that the share of the farmer in the total annual produce of the farm, should not be so large as to prevent the laborious class from supporting themselves and even a family.

In cultivation by means of slaves, the condition of the slave class is so miserable, that generally speaking, it is not in a situation to maintain itself, but it would decrease, if it were not renewed by the purchase of fresh slaves. In tropical countries, where the interest of

money is in general excessively high, the advances, necessary to support the mother and her child, and to obtain, including the chances of mortality, a slave at the end of fifteen years, would far exceed the sum of 50 L., which such a slave would cost, if brought from abroad. Individual interest then left to itself, induces the master to get as much labour from his slave as possible, and to renew him rather by purchase, than by encouraging procreation. Morality and good policy both require that laws should intervene in this case.

The bondman is almost in the same situation as the slave, and according to the calculation, that we have just laid before the reader, it is more advantageous for a Russian nobleman, for instance, to procure, by means of money, peasants from other parts, than to multiply his own, by improving the circumstances and consequently increasing the population of this degraded class. The state should interfere in this case also, in endeavouring to make the interest of individuals accord with the laws of humanity and in contributing to the public wealth, by enabling the laborious class to increase by improving their circumstances, or rather by rendering their condition less miserable.

The annual amount of useful productions being the measure of the wealth of a state, he, who wishes, by the means of agriculture, to contribute to this wealth and to his own at the same time, ought to devote himself to that kind of agriculture in preference, which produces the things most useful to man; but this does not always depend on the agriculturist. In states, where in consequence of vicious political institutions there exists a great disproportion in the fortunes of individuals, a proprietor is almost forced, in consequence of there being little demand for his corn and flax articles of consumption of the greatest utility to transform his land into a park, which he may let or sell to some opulent grandee; or else he changes his fields into meadows, the produce of which, instead of feeding numerous flocks and herds, is consumed by horses, kept rather for parade and ostentation, than for real utility. This state of things has been remarked by travellers, who have visited the kingdom of Naples.

In the drawing up of statistical tables, that which is of consequence to know in the accounts given of the annual produce of agriculture, is the quantity in weight or measure of the different products, in order to judge of the amount of useful annual production which is

the measure of the extent of the effective revenue in this kind of produce and the real indication of agricultural wealth. A valuation in money of these different products, is not the essential point; for, as we have frequently remarked before, a pecuniary valuation is a bad criterion, by which we can judge of the utility of things.

If then at a certain period, the number of sacks of corn or of heads of cattle produced annually in a state, was one fourth greater than at a previous period, we may affirm, that the agricultural wealth in these kinds of produce, has increased one fourth in this space of time: the greater or less valuation in money of this mass of products at one and the other period, is of no consequence. Therefore at present the best writers on statisticks always designate the number or quantity of each of the articles, that compose the effective capital or that form the effective revenue of the state; and instead of saying as formerly, that such a province produces annually such a sum in corn, or such a sum in wine, they say that it produces annually so many quarters of corn, or so many tuns of wine. This method will enable persons, at a later period, to judge if there has been an increase or decrease in the agriculture of this province, much more correctly, than if the account had been taken in sums of money only.

CHAPTER V.

Of Revenues arising from Manufactures.

As we had occasion to remark before, in speaking of agriculture, that it was not sufficient that a product was created by agriculture, for it, to be able to satisfy the wants of man or to possess that final utility, by reason of which, it constitutes a part of the effective revenue of the state. In order that any product of this description may possess this utility, it must undergo one or more modifications by a manufacturer. If the corn did not pass through the hands of the miller and baker, it would be far from possessing all the utility, which it acquires by the modifications, that it undergoes, in passing through the hands of these two persons.

Before a product of the earth can become directly useful to man, by its consumption, or indirectly as a cause or means of production, it must almost always undergo a series more or less long of different modifications. To obtain a piece of printed cotton, recourse must be had

to three different kinds of manufacture, the spinning, the weaving and the printing. These three branches are sometimes carried on in the same establishment, but they are three distinct and independent operations. When the final product is composed of different materials, as a piano, for example, a much greater number of successive modifications, produced by different manufacturers, are necessary to put the raw materials, of which it is composed, into such a state, that they may be used by the final maker, to produce a single useful whole. A ship, or a house requires a still greater number of successive modifications of divers raw materials. These different and successive modifications are executed by the various classes of manufacturers.

For greater simplicity we wish the reader to understand, that we range, under the general denomination of manufacturing classes the iron master as well as the smith, the clothier and the tailor, the architect and the mason: all are employed in making some raw material or other, undergo such modifications, that at length it becomes more useful to man.

We have before explained, in a chapter, devoted to this subject how, the distinction of oc-

cupations, or, in other words, the classification of professions was a principal cause of the increase of wealth. It was remarked, for instance, that the agriculturist, the manufacturer and the artist, having each occasion for different kinds of previous knowledge for different tools, or instruments, and for different kinds of intellectual skill and manual dexterity, did more and better work, by devoting himself especially to one or the other of these different occupations.

Now, it is easy to perceive, that it is in the manufacturing branches particularly, that this distinction of occupations presents the greatest advantages. In manufactures, for example, in which iron undergoes different modifications, and in those which are employed in modifying silk, there is almost a total difference in the requisite previous knowledge, in the kinds of implements and in the manual skill required for each of these two professions. If two individuals, instead of dividing these two branches of industry, and instead of devoting to one only of these two branches, all their disposable capital in acquired knowledge and personal skill; if I say, each of these individuals were to follow, at the same time, both these occupations, it is certain that these two branches of industry
would.

would suffer by it, since the individuals in question could only devote to them an incomplete part of the knowledge, tools and skill requisite to attain to the greatest production and to the greatest possible perfection; this simultaneous pursuit would be detrimental to the articles produced, and to the pecuniary revenues of these two individuals.

We might multiply examples indefinitely on this subject, but what we have said, appears to us quite sufficient to shew the immense advantage that results from each persons devoting to the productions of one kind of commodity, all the different sorts of capital, that he has at is disposal, such as real and personal property, commercial credit, intellectual skill and physical force.

The advantages and the inconveniences of the employment of tools or machines have given rise to a great number of discussion. With respect to the advantages, they are so evident, that we shall not detain the reader long in pointing them out.

In the multitude of things capable of satisfying the wants of man, there are few that do not require on his part, a certain manufac-

ture to render them fit for his use. Bread, for instance, is not given to us ready made by the hand of nature. Man must cultivate the corn, reap or mow it, thrash and convert it into flour; he must make this flour into dough and put it into the oven to obtain the bread, which is the final useful production. Now, these different operations, which are ranged among the least complex, require the employment of many tools or machines. Man, by the use of his hands only would not have been able, without the greatest difficulty to accomplish all this. He was obliged to employ spades or ploughs, reaping hooks or scythes, flails, mills and kneading troughs. It would be almost impossible to make the plainest piece of furniture, without having recourse to the axe, the saw, the chisel, the mallet and the plane. Without the shuttle and the loom what difficulty should we not experience in making cloth! The most tedious and painful labour would only produce a very small number of the objects that serve to satisfy our wants and desires without the employment of instruments and machines which the genius of man has invented and which his address employs. The great wealth of our modern societies, compared with the poverty of uncivilized nations, or which are behind us in the

arts of industry, proves that it is to the greater extension in the employment of machinery and ingenious instruments, that we must ascribe this increase in wealth, and not to a greater quantity of labour, for there is at least as much effectual labour employed by a people, little advanced in the arts of industry, as among a people where the arts are in a state of great forwardness; only that the same quantity of labour produces very little utility in one state and very much in the other. The same quantity of labour is far from shewing the same quantity of utility, really produced.

In regard to production, one single man may be worth ten, when he makes use, with dexterity, of the tools appropriated to the kind of work required. Ten men, who did not possess the tools and machines necessary for making pins, would be far from making as many in the same space of time, as a single man, who had these tools and machines at his disposal, and who knew how to use them with skill and address.

The advantages of the employment of instruments and machines being then evident, let us now see what can be the inconveniences arising from the use of them. Machines and machinery have been accused of diminishing

the number of hands which might otherwise be employed, consequently of depriving the labouring classes of work and of rendering them more miserable. We do not think that there are any grounds for this accusation.

What is it that limits the consumption of a useful product of industry? It is almost solely its pecuniary price. Generally speaking, each person spends his pecuniary revenues. If the price of an article should become much lower, people would consume more of it, or they would spend on another article, what they had saved, after having purchased the same quantity as heretofore of the article which had lowered in price.

If, in consequence of the employment of machinery, the price of linen should be diminished by one half, it is probable that the consumption of it would be doubled.

The basis of the pecuniary price of a manufactured article is the price paid for the labour, which was bestowed on the making of it. In the case, that we have just cited, a double quantity of linen at half the price, representating the same sum total in money, which sum is an indication of an equal quantity of labour paid for to the working class.

From the time that, in consequence of the employment of spinning and weaving machinery, manufactured cotton has lowered in price one half, the consumption has more than doubled, and there has been more, rather than less, paid for labour to the different trades that contribute to the manufacturing of cotton.

Even though, which is seldom the case, the consumption of an article should not increase, in proportion to its diminution in price, certainly the saving in the expense on this article would be spent on some other, so that definitively, there would be the same sum of money paid for labour.

Since articles of dress are generally become less dear, in respect to revenues, than they were a hundred years ago, even the lowest classes are much better clothed than they were, and the middling and higher classes, not being able to wear twice as much clothes as formerly, spend what they save by the low price of the articles of dress in improving their houses and furniture, for it is a notorious fact, that people are better lodged and supplied with better furniture, than they were a hundred years ago.

Machinery, when it has been established for

some time, is far then from depriving the working class of employment; but its first establishment is attended with two inconveniences, which are these.

The first is, that when a manufacturer erects a machine, which, by economising human labour, diminishes the cost price of his produce he continues to sell, as long as he can, this produce at the same price; the consumption consequently remains the same, and in this case the number of workmen, whom he employs, will diminish, in proportion to the labour performed by the machine. There is however, a circumstance which frequently lessens this inconvenience, a desire on the part of the manufacturer to multiply his profits, induces him to extend his establishment and erect new machinery, he therefore seldom diminishes the number of workmen, whom he employs.

The second inconvenience is a change in the kind of work required, a change which makes what would have been gained by one class of workmen, pass into the hands of another & a different class; a circumstance, which is a cause of misery to the class which this change has deprived of work.

Let us suppose, for example, a steam-engine

to be erected, that works 100 looms, that were worked before by 100 weavers, receiving annually 4000 L. and that it will now require 25 weavers only to superintend the 100 looms, which will reduce the expense in human labour to 500 L. Let us further suppose that the interest of the capital of the machine, the wear and tear and the expense of fuel amount annually to 2500 L., there will be a yearly profit to the manufacturer of 1000 L., if he is not obliged to lower his prices. It will be said perhaps, as some authors have said before, that the evil resulting from the employment of the engine, has been to throw 75 workmen out of employ, and that it is a subject of affliction to think that the money, that would have been given to these workmen, money that would have given bread to themselves and families is spent, in consequence of this change, in purchasing coals to feed the furnace only of this machine..

It is not in this, that the evil consists, as one might suppose at first sight. It consists almost solely in the displacing of pecuniary revenues; for what one description of workmen gained, is now gained by another. In what, in fact, consists the price of coals? Chiefly of the price paid for labour; whether for its extraction from

the earth, its transport etc. and this sum which was paid for coals, has really served to support colliers, boatmen, sailors, carters etc. who have been employed in addition, since this increase in the consumption of coals. The money, which is employed in the purchase of machines, in superintending and keeping them in repair, serves to support the class of steam engine makers and engineers. We see then that definitively, the labouring classes are not really deprived of work, by the employment of machinery; but that, the nature of the work to be done being different, the pecuniary revenues of different labouring classes have only changed hands, a change that is certainly attended with a great, but not a permanent inconvenience; for at the end of a certain time, in some way or other, the class, whose former employment has been dispensed with, is replaced by the increase of that class from which additional labour has been required in consequence of the change.

But when we consider the immense increase of production, which results from the employment of machinery; when we see how much the amount of useful annual productions in the state, or its effective revenue, is increased by this employment, we wight to remain

remain convinced that the advantages which result from this real increase in the public wealth, far surpass the temporary inconvenience of individuals, with which the erection of new machinery may be attended.

What we have just said respecting mechanical improvements, is equally applicable to improvements in chimistery.

An oeconomy of materials or of labour in any manufacture whatever does not alter the revenues of those who supply these materials or this labour. Those, who invent or improve chymical processes, by which a part of the expense of production is saved, certainly at first derive a benefit from this oeconomy, but these inventions or improvements getting abroad, competition lowers the prices, and it is the public who eventually have the benefit of this oeconomy. The class in easy circumstances consume more of this product when lowered is in price; and the class in less easy circumstances, who could not afford to procure it, may now enjoy it, whence arises an increase of consumption; in this case there will be no diminution in the pecuniary revenues of the working class.

The final result of these improvements is an

augmentation in the quantity of useful production annually produced in the effective national revenue, and the sum of the pecuniary revenues, as we have just shown, not being diminished by mechanical or chymical improvements, there has been an increase in the amount of the effective revenues of individuals, since they may procure annually a greater quantity of useful productions of utility, for the same sum of money. The nominal revenue in cash has, in fact, remained the same, but the value of this revenue, its power of acquisition in respect to those commodities that have lowered in price, has become much greater; this comes precisely to the same as if the products in question had remained at the same price, and that the pecuniary revenues of all those who consume these products, had increased in proportion to the amount of the prices paid annually for the additional articles of consumption. The mass of effective revenues being the measure of wealth, we see that all improvements in machinery and chemistry, in manufactories and in laboratories, increase, at the same time, public, as well as private wealth.

There is another point respecting manufactures, which it is necessary to clear up.

Many authors have advanced that, whatever

article is furnished by any manufacture, there is the same production of wealth in the state, as often as there is the same pecuniary value furnished by the manufacture in question; that is to say, that a manufactory of porcelain, for example, which makes annually 50,000 L. worth of expensive China, and that a manufactory of earthen ware, that makes, during the same period, common ware of an equal value; that jewellers and watch-makers, who manufacture, the one 5,000 L. worth of jewels the other, 5,000 L. worth of watches; that the professor of a frivolous and the professor of an useful art, each receiving a salary of 500 L. a year all contributed, in proportion to these sums, to the public wealth. We do not think that this opinion ought to be adopted.

We think that we have shown clearly that public wealth was in proportion to the national effective revenue that this effective revenue was more or less considerable in proportion to the greater or less quantity useful productions annually produced in the state; that the utility of things was measured by the magnitude of the inconvenience, that would result from the privation of the use or enjoyment of these things: now, we are of opinion that the inconvenience, arising from the privation of the use of 50,000 L.

work of common ware, being greater than, that which would result from the privation of the use of 50,000 L. work of fine porcelain, there is less wealth produced by the manufacture of fine porcelain, than by that of common ware, though the value in money of the annual produce of these two manufactures be the same. The same reasoning will apply to the other examples. It is not the equality in the pecuniary value of two kinds of articles annually produced, that indicates an equality of national wealth. This equality only exists, when there is an equality in the amount of utility in these two kinds of articles; and we have shewn how to form a pretty correct idea of public wealth by the degree of utility of things, their value in money being the same.

To conclude, we think that, when we have to determine on the choice of a manufacturing business, the annual profits being the same we may contribute more effectually to the national wealth, by devoting ourselves to the manufacturing of articles of the first necessity, or even of convenience, than by employing ourselves in the production of objects of luxury.

CHAPTER VI.

Of the revenues arising from the Commerce of promises of money at sight or after date.

THE revenues of bankers (*) or of banking houses, and of those who hold shares in banks of discount, arise from the commerce of the promises of sums of money, but the profits of bankers and of those who hold shares in banks spring from two very different sources.

Merchants , manufacturers and tradesmen find a great advantage in paying for their purchases in promises of money, after date , instead of paying ready money , because then the money arising from the sale of what they have bought or manufactured , serves to acquit these

(*) I have translated the word *Banquier* by Banker , though in London this last word signifies rather him, who receives and pays on account of merchants and others. But in this chapter, we are to understand by Bankers the heads or partners in banking houses (*maisons de banque*) that is , houses who , besides discounting local paper , are principally employed in buying and selling or negotiating paper on foreign countries (Translator's note).

promises, which enables them to give a greater extension to their operations, than if they were obliged to make their payments in ready money. This is the origin of commercial bills; they are created and made payable in the same town. But frequently when the vender and purchaser live at a distance from each other, the purchaser, instead of paying by his own bill, authorizes the seller to write him a letter bearing an order to pay to a third person, at the date agreed upon, the sum which is due, and the purchaser agrees to pay the amount contained in this letter by writing the word accepted on the letter itself: this is the origin and form of a letter or bill of exchange. Persons frequently at present accept letters of exchange, without owing any thing to the drawer, but, in this case it is under a promise that the sum, mentioned in the order in question, shall, before the bill becomes due, be paid to the acceptor. When we wish to make over our property in these letters or bills, whether by selling them or giving them at a discount, or whether we pass them in payment, the custom is simply to write on the back of the bills, to pay the sums mentionned therein, to him, to whom you have passed them; this endorsement renders the endorser responsible for the sum in question.

These promises of money after date , letter or bills of exchange are called in commerce by the general term *Bills* , and when people say that they have bills on Paris , Amsterdam , London etc. they mean to say that they have letters or bills of exchange payable in one or the other of these cities.

These bills may be sold ; they have a current value like merchandize , and the course of exchange is, for these bills , what the price current is for marchandize.

To buy bills payable after date in the same town , is called *discounting* : to sell bills payable in other towns is called *negociating* .

Ready money being more useful than money receivable when a bill becomes due , we may easily conceive that a bill payable after date cannot be sold for the same price as the sum mentioned in the bill , the greater or less difference between the price , that we consent to pay and the amount of the bill , is called discount. The amount of this discount is regulated , in the first place , by the length of time the bill has to run , and , in the next place , by the greater or less scarcity of ready money.

Besides the commerce of discount, which is confined to the purchasing of bills that are issued and made payable in the same town, bankers do business in bills payable in other towns, either in their own, or in foreign countries; but these last bills, though after date, so far from always losing, they frequently gain; that is to say, that he, who takes paper on a town, some times gives more gold or silver to him, who negotiates this paper, than will be paid to the person, who receives the amount specified in the bill, when it becomes due. In this case, we say that the exchange of this place is above par, as in a contrary case, it is below par. These two circumstances depend on the scarcity and demand either of money or bills at the place in question.

Bankers speculate on the variations in price of different foreign bills, as they speculate on the variations in the prices of merchandize.

The profits of bankers are frequently considerable, and this class furnishes remarkable examples of large private fortunes. Let us examine the sources from which they spring, and let us see the connexion between the increase in the wealth of bankers and that of the state.

The

The utility of bankers is very great, their mediation very much facilitates commercial operations. The negotiation of bills, that merchants have on countries, frequently very distant, puts immediately into their hands, sums of money, which they would not be able to receive till much later and even then, not without considerable expense and trouble. The bankers of different countries by frequently balancing the debits against the credits of their different bill transactions, have only to account with each other for their respective balances. This method is much easier and more economical, than to make effective payments between countries, frequently very remote from each other. In this respect then, the wealth of bankers is connected with the wealth of the state.

But when the wealth of certain bankers arises from the speculations, which they carry on among themselves upon bills of their own creation, by drawing on each other, their operations not having for basis any commercial transactions, in this case their gains are only those of every gambler, that is they are only grounded on the corresponding losses of some other gamblers and if some bankers have, by these means, increased

their wealth, there has been no increase in the general wealth, since a corresponding loss has been experienced by other bankers.

Many persons, seeing that bankers are generally rich, imagine they are rich because they are bankers; this is not the case. Persons must be rich in order to become bankers. To carry on the banking business, a person must have in his power to give ready money for promises of money, to be realized at a subsequent period. The profit of banking being $\frac{1}{2}$ or 1 per cent clear, for each operation, it would require a great number of bills to pass through one's hands, in order to make an annual profit of any importance. It is necessary then to have large sums of money, to be able to take much paper. To extend besides one's operations to foreign countries, it is necessary to obtain credit there, which can only be grounded on the knowledge of our possessing a large capital.

The profits of *Banks* arise generally from this circumstance, that instead of giving ready money in payment for bills after date which they discount, they give in payment other bills payable at sight; but as these bills always circulate a certain time, before they are presented for payment at the bank, we see that

the bank gives, in effects bills payable, after date, for bills payable after date, and consequently it makes the whole of the profits of discount on the bills that it gives in payment, deducting the sum, that it is obliged to keep in reserve to reimburse eventually its bills payable at sight.

A complete investigation of every thing that has a reference to banks and banking houses or bankers would require a volume, instead of a short chapter: but we think what we have said here, is sufficient to give an idea of the influence that they have on private and public wealth, and to throw light on a subject which has not always been presented in a clear, and, at the same time, concise manner.

CHAPTER VII.

Of Revenues arising from Sciences, Litterature and the fine Arts.

THE pleasures and the pains of the mind are almost of equal importance to man, as the pains and pleasures of the body. Excessive grief kills in the end, as well as the want of necessary food. What proves how much intellectual pleasures are necessary for man, is the desire, extending to every class of society, that people have for the enjoyment of theatrical representations. Even the class that is not in easy circumstances, does not deprive itself entirely of this enjoyment, and it frequently retrenches something from its food and cloting, in order to go to see a play.

The sciences, litterature and the fine arts are the sources of a multitude of enjoyments to man, and spread an agreeableness over life; for which reason, the professions that are connected with them, are called liberal, an ho-

nourable denomination , which proves in what estimation they are held.

But notwithstanding their great utility , notwithstanding they contribute , though indirectly , in a very powerful manner , to the wealth of a state , we must acknowledge that , generally speaking , these professions do not conduct us by the shortest road to the temple of Fortune. Example of large fortunes , acquired by scientific men , by literati and by artists , are very rare.

Let us endeavour to explain this fact. We shall see , in the first place , that a scientific man , who wishes to derive a profit from the knowledge that he is enabled to impart , is in a much more unfavourable situation than a tradesman , who wishes to make a profit on his merchandise. The latter may tempt purchasers , by displaying to their view the articles , that he wishes to sell : he may not deliver them till after payment , at a price agreed on between the parties. But a scientific man , who possesses a truth either physical or mathematical , even though extremely useful in its application , cannot , like the tradesman , exhibit what he has to dispose of ; nor can he make known to his purchaser what he has to

sell, without delivering it at the same time. In that case, either the price of the thing must be agreed on, before it is known, or it must be after the thing has been delivered, without a possibility of taking it back again. The one and the other of these cases is extremely unfavourable to the vendor. Quackery has entirely discredited those scientific secrets that people will not communicate, without previous payment, and we are not disposed to pay a high price for a thing which we have already in our possession and which has been irrevocably delivered. It is necessary for a man of science to enjoy a well established reputation, before he can advantageously dispose of a manuscript containing the result of his scientific researches, or for a professor, before he can derive a very lucrative recompense from his lectures or lessons.

With regard to literary productions, properly so called, there are two circumstances, that prevent their authors from receiving a high price for them. In the first place, there are very many persons who devote themselves to this employment, because the composition of a literary work presents rather an agreeable, than a painful occupation; there is then a great competition among the sellers of pro-

ductions that are purely of a literary nature. In the next place it is so flattering to receive the praises of the public, that persons frequently consent to toil without the prospect of any other recompense for their literary labours. The profession of an author then cannot, with very few exceptions, be very lucrative.

Let us pass to the profession of an artist. In the first place, we must allow, that notwithstanding the excellence of the fine arts, their products cannot strictly be ranged in the class of objects of the first necessity, but rather in that of objects of pleasure or even of luxury; it is not then surprising that their pecuniary price only rises in proportion to the scarcity of these products and the opulence of the purchasers. Now, in regard to the fine arts, that only which is superior, is scarce, and few artists attain to this superiority; it is their productions only, that are sought after by the opulent. This explains why the class of artists, considered in mass, are not rich, and why a small number of them only acquire large fortunes.

Although the fine arts contribute powerfully to the pleasures of life and are an indication of the wealth and taste of those who promote

and encourage them, yet, from the considerations, which we have suggested, they seldom conduct those who profess them, to the temple of Fortune.

We have hitherto examined the sciences, as sources of revenue, only in reference to their theory; but the rules and principles of the sciences present, in their application to the practice of different professions, the means of acquiring considerable pecuniary revenues.

Medical science is divided into two principal professions, viz that of the physician and that of the surgeon. The revenues of these practitioners frequently depend as much, and even sometimes more, on the art of getting and extensive practice among the higher and more opulent classes, than on a real knowledge of their profession. The physician in vogue and the man of science, are often two different characters. Persons should endeavour to be one and the other; in that case, the fortune of the individual would go hand in hand with that of the state; since the wealth of the latter consists of the mass of useful products annually created, the physician who restores the health of the producers, contributes indirectly to the greatest

test annual production. Besides, a man is at least, as useful to his neighbour in preventing him from enduring pain, as in procuring him pleasures.

The knowledge of the law is necessary to the judge and the advocate. The revenue of the first is fixed, unless indeed he is a corrupt man, which fortunately is a very rare case, but the revenue of the advocate is, on the contrary, very variable: it depends on his acquired knowledge, personal talents and on the number, as well as the wealth of his clients, circumstances that are liable to vary. We have seen before that the security of persons and property was one of the greatest causes of the wealth of states; the judge and the advocate, who cause the violators of this security to be punished, contribute powerfully to the public wealth. But in the case of an unjust judgement being called for by the advocate and pronounced by the judge, there is a deterioration of the public wealth, arising from these iniquitous proceedings, though the judge and the advocate may enrich themselves.

The mathematics, natural philosophy, chemistry, mechanism etc. offer so many and such useful applications in practice to the arts of

industry, that it would be superfluous to enumerate them. Those, who as engineers or as managers of manufacturing establishments, apply their science in a practical manner, acquire frequently large pecuniary revenues, and they enjoy, at the same time, the satisfaction of contributing very effectually to the wealth of the state.

CHAPTER VIII.

Of the Revenues arising from the Exercise of Ministerial, Judicial, Ecclesiastical and Military Functions, or of the Taxes and of the employment of their produce.

EVERY Government, of whatever description, has an exchêquer, or treasury, into which is paid the produce of the taxes, and from which the money is taken, that is employed either in the interest of the commonwealth, or in that of those who govern.

The revenue of a government, that is to say, that which it receives annually from the produce of the taxes, should not be confounded with the revenue of the state, as is too often the case.

Many persons pretend that the greater the revenue of a state is, the richer that state is; and so far they are in the right, but when they add, that the revenue of the state con-

sists in the amount of taxes annually received , they are totally mistaken , for we remarked before that wealth was mesured by the income , certainly it is not by increasing the taxes that a state is enriched. The real wealth of a state consists , as we have frequently remarked before , in the mass of different useful things which its inhabitants do , or may annually enjoy : it is in the annual production of these useful things , in the effective revenue of the state , that consists the only kind of revenue , which , by its extent , shews the greater or less wealth of the state. .

The revenue of the government, improperly called by some authors the revevenue of the state, is quite another thing. It consists solely of sums of money drawn directly or indirectly from the revenues of individuals, by means of the taxes.

When the revenues of certain individuals are supplied from the produce of the taxes, there is no creation, but only a displacing of revenue : the increase, that takes place in the revenues of these individuals only arises from a proportional decrease in the revenues of other individuals. By an increase of taxation, we increase this displacing, and are far from adding

to the effective revenue of the state nor even to the mass of pecuniary revenues already existing in the state. If one set of persons are enabled to procure the enjoyment of a greater quantum of utility, there is a corresponding privation in another set. It frequently happens that taxes furnish to some the means of enjoying luxuries, by depriving others of things of the first necessity; and this circumstance, so far from being favourable, is very injurious to the public wealth

We shall now explain what has given rise to this confusion of the revenues of the state, with those of the government, by some facts extracted from the history of France, but similar facts have also taken place in several other states.

When the chiefs or kings of the Franks conquered a part of Gaul, they considered the conquered provinces as so many farms, which they divided and caused to be cultivated by their serfs, whose condition was very little better than that of slaves. The revenues of these great farms, called duchies, counties, kingdoms, etc. formed the revenues of the dukes, counts or earls and of the petty kings, who had divided Gaul among them. These revenues were

then paid in kind. The great farmer, that is, the petty sovereign, kept the produce of the farm for himself or distributed it at his pleasure. In fine, he not only disposed of the soil, but of the men, that he had submitted by conquest according to his arbitrary will. At a latter period, by circumstances explained in history, but which do not fall within the scope of the searches, that form the subject of this work, the inhabitants of the towns and, by degrees, the peasants were liberated from this state of servitude. Two important changes were effected by this improvement in the condition of those who had lately been serfs. The one, was the birth of the rights and franchises of the different towns etc.; the other, the origin of the taxes paid in money, which replaced the revenues in kind of the conquerors, dukes, earls or kings, but which always formed the revenue of the duchy, earldom, or kingdom, of which they were proprietors or sovereigns. At a later period still, all these petty sovereignties were united by violence or address, and belonged to one sovereign. Cardinal de Richelieu completed this undertaking during the reign of Louis XIII, and Louis XIV. in speaking of the whole of France, could say, my *kingdom*; and of all the french, my *subjects* (*a subjectis* subdued by

conquest.) The revenue of France belonged to him ; what he left of it to his subjects depended on himself alone , and a parliament, that had dared to remonstrate with him , because he had not left enough of it to his subjects , was driven from their place of sitting ; *for such is my will and pleasure* decided every thing , and LOUIS XIV was in the right , upon this principle , when he said : *the State , éis myself.*

We may now conceive , that in this state of things , the revenue of the king , the produce of the taxes that was paid annually into the treasury might be called the revenue of the State.

The nation of the Gauls , being no longer a people of serfs but having become the french nation , thought that as its independence had been wrested from it by force , it might have recourse to the same means to reassert it. Accordingly they made the attempt 1789 and succeeded. The system by which the nation had been governed in consequence of the conquest , was overturned ; but incapable of taking advantage of the unspeakable blessing of independence , it suffered its rights to be usurped first by one tyrant and then by another ; in fine , after a long series of calamities , it made

a compromise with the successors of its ancient conquerors. There was in this transaction a mixture of the right of conquest and of the rights of the nation. On the one hand, the French agreed to become the subjects of the king; but on the other hand, what each Frenchman sacrifices of his revenue to form the revenue of the government, instead of being determined by the king and spent according to his own will and pleasure, is determined and spent in pursuance of the collective vote of the chamber of the deputies of the nation and of that of the heirs of the ancient conquerors, or of those, whom the king chooses to admit into it. The revenue of the king no longer consists of the revenue of France. The king's revenue is determined by the chambers and is derived from a portion of the produce of the taxes.

We see by this exposure of facts, why the revenue of the State has been confounded with the revenue of the government, and how they differ both in principle and in fact.

The same explanation throws a light upon what has a reference to taxes and their employment in most states of Europe. In almost all these states, the taxes may be considered partly as a forced contribution, in consequence
of

of the system derived from the conquest, and partly as a voluntary contribution the consequence of a national system of government. In the first point of view, the produce of the taxes is employed in the interest of the conqueror and its agents; in the second, it is employed in the interest of the common-wealth.

In many of the states of Europe, it is no longer avowed that any part of the produce of the taxes can be employed in the individual interest of the successors of the conquerors. With the exception of some salaries, paid to the great officers of the crown and of other sinecures of the same kind, almost all those who receive money from the public treasure, receive it for services which they render, or are supposed to render to the public wealth.

An individual who manages badly his affairs, ruins himself, but he, who administers them well, enriches himself. The same holds good with respect to societies, but a great political society, that is a nation, not being able of itself to govern or administer its own affairs, ruins itself or becomes poor, if those who are appointed, or who appoint themselves, to this administration, govern or administer

badly the affairs of the state : good governors and good administrators render essential services then to the commonwealth and deserve a considerable portion of the produce of the taxes , but bad administrators and bad governors, so far from meriting a recompense , ought to be subjected to the payment of heavy fines. Beyond the number , indispensably necessary for the good of the state , every salary whether of civil or of military officers , is a destructive burthen , since the salary is so much taken from those who contribute to the public wealth either by their industry or their talents.

A nation , which loses its independence , or in which disturbances take place , becomes poor , or at least it is impossible that it can get rich : a military force is then of great utility to the public good. Those who compose this military force have an equitable right to enjoy , by a share in the produce of the taxes , a portion of the public wealth which they have defended against foreign invasion or domestic troubles ; but if the military force acts against the independence of those who contribute to pay their salaries, or if it protects the exactions of a government, in that case , those should not be paid , who compose this force , if it were possible to prevent it.

Public wealth suffers from the depravation of morals in a state. Those , therefore , who have it in charge to inculcate , both by precept and example , the observance of the moral duties and the practice of the social virtues , such , for instance , as the ministers of the different kinds of worship , deserve well of the commonwealth and are legally entitled to a share in the produce of the taxes ; but those who preach maxims repugnant to the divine laws which are engraved by nature in the heart of man from the moment that his intellectual faculties begin to expand , who employ themselves in supplying the place of the practical virtues , by a multitude of practices relating solely to dogmas , who , instead of setting an example of morality in action , give themselves up to the practice of vice and immorality , these , we repeat , are not entitled to enjoy any share in the produce of the taxes , and their opulence is injurious to the wealth of the state.

Those , who are employed in the administration of justice , and who discharge their honourable functions with fidelity and equity , and those , who engaged in public instruction , devote themselves with assiduity to this useful employment , are justly entitled to a revenue,

suitable to their office, payable from the produce of the taxes,

We only displace, instead of creating additional revenues, by bestowing salaries on persons employed, whether in a civil or military capacity, that are useless. Taxes levied to pay these kinds of revenues, are real spoliations, a robbery from him, who has worked and who ought to enjoy the fruits of his labour.

Those persons, who enjoy the produce of the taxes, are mostly those who determine the amount of them and who have in their hands the means of enforcing the payment and these means also, are supplied from the produce of the taxes; for this reason, the taxes, in most cases, exceed what is necessary for the good of the state: they are, in general, only limited by the patience of those who pay.

Taxes are not only injurious, by the quantity of money of which they deprive those who have acquired it by their labour, but they are also injurious to the public wealth by the vexations and difficulties to which their collection gives rise.

Fifty years after a given period, the greatest

number of those who had then attained the age of 21 years, will be replaced by those who were either minors or unborn at the commencement of that period. Every trustee or administrator, who should impose on minors the obligation of paying a perpetual annuity, would commit an action, that is reprobated by equity as well as by the laws. A government, who contracts a loan, the interest of which is to be paid for ever, is precisely in the same case and is equally as culpable as this trustee or administrator. Such an act contains within itself a principle of nullity. One of the principal articles in every constitution or charter should be, that no laws legalize the creation of a loan, the interest of which should be paid beyond a period that should not exceed the mean term of a generation, or beyond 50 years at most.

Governments have not only burdened future generations with the payment of perpetual annuities, but they have dared to borrow hundreds of millions on the hard condition of paying 100 francs for every 58 or 60 francs of capital really received, a manner of borrowing so much the more reprehensible, as persons yet unborn were to be saddled with this

debt. But perhaps the ministers of that day will say, it was necessary to pay the debts contracted under the usurper and to deliver the country from foreign troops who endangered its independence. A future generation might answer them and with reason: if our ancestors had the weakness to submit to an usurper, it was they, and not we, that should pay the penalty of this weakness, it was with their steel, not with our gold, that they should have maintained their independence.

In the number of the fallacious inventions of governments, we may rank sinking funds to pay off the public debt among the most glaring; they have never paid, nor will they ever pay off a public debt.

The following is the mechanism of this kind of funds. First of all a certain capital is paid into the hands of commissioners who are appointed to manage the sinking fund. This capital is employed by the commissioners in purchasing a portion of the public debt. In the next place, all the interest, which this fund receives half yearly from the portion of the public debt, which it possesses, it employs in new purchases of other portions of the public debt which augments progressively, at the same

time, the interest which it receives, and the purchases which it is enable to make. Thus it increases every succeeding year, both the amount of the interest which it receives and the amount of the purchases which it makes, until at length the whole of the public debt be entirely redeemed, of which entire redemption history does not furnish a single example, for the following reason.

The effect of these sinking funds is to sustain the credit of the government, because when its credit sinks and when the price of stocks falls, large purchases, made for the sinking fund, raise the prices. The credit of the government being sustained by this means, it enjoys the facility of contracting new loans, and it avails itself liberally of this facility. The government thus extinguishes, on the one hand, the debt by 20 millions, and on the other, it increases it by 50 and so on from time to time. By this means it prepares a future bankruptcy; but what matters it? The ministers of the day does not suffer by it; its power, on the contrary, is increased by loans. This system then suits the ministers. It suits it also in another respect. In urgent cases, ministers have recourse to the capital of the sinking fund; and these cases happen from time to time. They have only to establish a new sinking fund and supply it with a new but inferior capital.

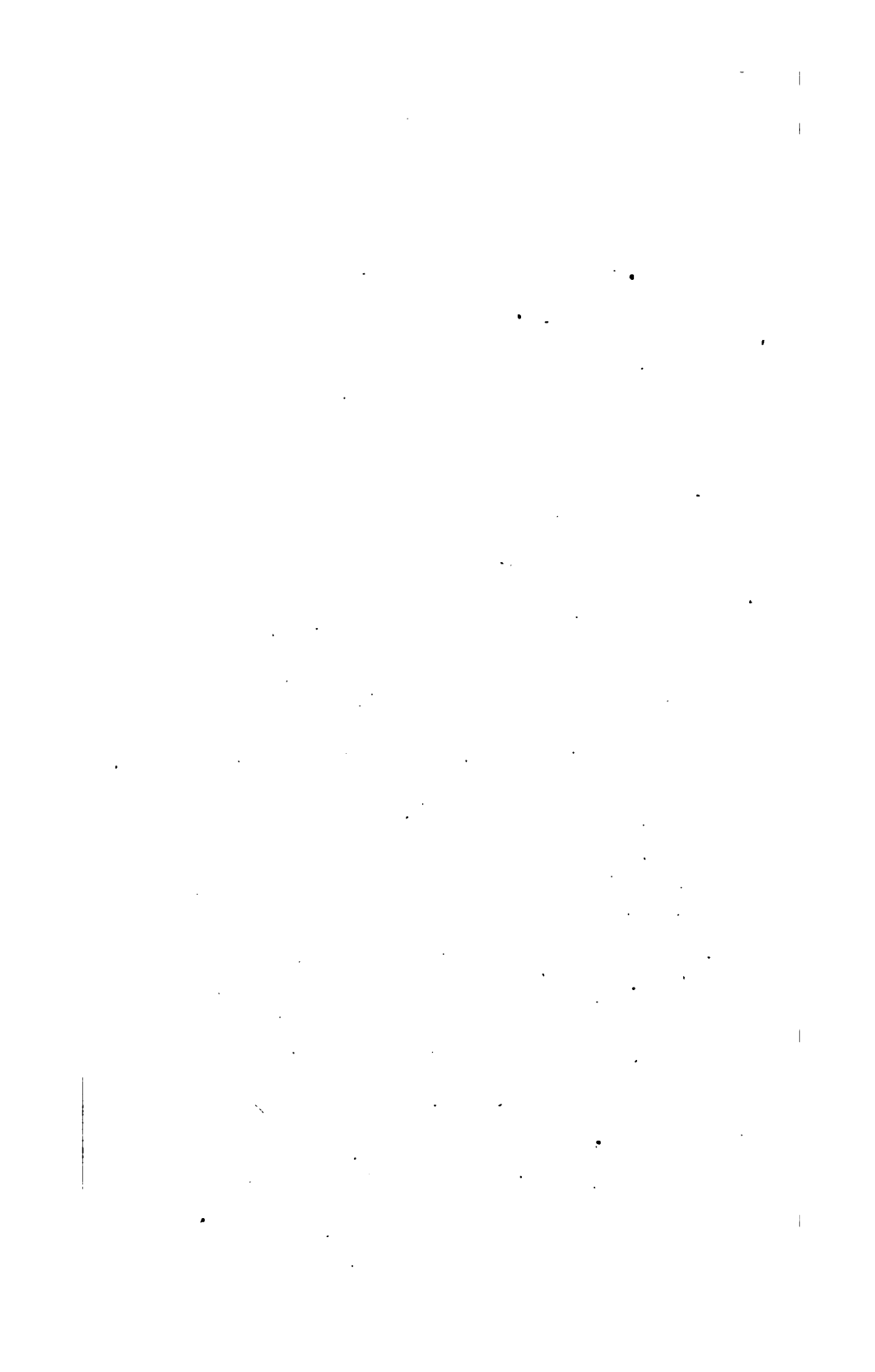
The result of this is, that taxes are never diminished, but always increased by the effect of the sinking fund; this also suits the purpose of ministers; for they have the appearance of reducing the debt of the state, whilst they are increasing their means of expenditure.

If governments were really in earnest in their endeavours to extinguish the public debts of their respective states, they would suppress perpetual dividends and convert them into annuities extinguishable at different periods. These annuities would bear, it is true, a higher interest in proportion as the period of their extinction was more or less remote, but this surplus of interest would be provided for by the same produce of the taxes, which now supplies the sinking fund, and in this case the debt would be really extinguished at a certain definite period of time. As we said before, no perpetual dividends should be created again; annuities only should be created, payable at different periods, the longest of which not to exceed 50 years. The only inconvenience arising from the adoption of this plan would be the payment of a higher interest on the sums borrowed during this period, but by this means, future generations would not be unjustly burdened with an overwhelming load of taxes, or
reduced

reduced to the necessity of becoming bankrupts, the inevitable consequence of the system of sinking funds, adopted by most governments.

IN this second Book we have passed in review, most of the sources of individual revenues, and we have considered succinctly their connexion with public wealth, but we are far from having explained all the important consequences, that result from the application of principles to the science of wealth. The only task we consider ourselves as having performed, has been to present to our readers more simple and clearer methods of resolving the different questions connected with wealth, than those which are to be found in most of the works that have hitherto been published on political economy.

FINIS.



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